MINNESOTA HOUSING

UPDATED SEPTEMBER 20, 2021

MEETINGS SCHEDULED FOR SEPTEMBER

Minnesota Housing
400 Wabasha Street N. Suite 400
St. Paul, MN 55102

<u>THURSDAY, SEPTEMBER 23, 2021</u>

Regular Board Meeting
1:00 p.m.

Conference Call

Toll-free dial-in number (U.S. and Canada):
1-866-952-8437

Access code:
716-501-993

NOTE: The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, September 23, 2021.

Items requiring approval are neither effective nor final until voted on and approved by the Minnesota Housing Board.

The Agency may conduct a meeting by telephone or other electronic means, provided the conditions of Minn. Stat. §462A.041 or Minn. Stat. 13D.021 are met. The Agency shall, to the extent practical, allow a person to monitor the meeting electronically and may require the person making a connection to pay for documented marginal costs that the Agency incurs as a result of the additional connection.

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MINNESOTA HOUSING

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Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance housing that is affordable.

Vision

All Minnesotans live and thrive in a safe, stable home they can afford in a community of their choice.

AGENDA
Minnesota Housing Board Meeting
Thursday September 23, 2021
1:00 p.m.

1. **Call to Order**
2. **Roll Call**
3. **Agenda Review**
4. **Approval of Minutes**
   A. (page 5) Regular Meeting of August 26, 2021

5. **Reports**
   A. **Chair**
   B. **Commissioner**
   C. **Committee**

6. **Consent Agenda**
   A. (page 9) Approval, Minnesota Home Ownership Center, Operating Support Grant
   B. (page 13) Approval, Extension to the 2020 Housing Tax Credit (HTC) Carryover Submission Deadline for Certified Public Accountant (CPA) Certification
   - Westfield Apartments (fka Brooten) D5780, Brooten
   C. (page 15) Approval, St. Louis County Capacity Building Grant Extension

7. **Action Items**
   A. (page 19) Commitment, Low and Moderate Income Rental Loan (LMIR)
   - Maplewood Gardens, D3353, Maplewood, MN
   B. (page 31) Modification, Housing Infrastructure Bond (HIB) Loan, Selection, Commitment, Low and Moderate Income Rental Bridge Loan (LMIRBL), and Approval, Waiver of the Predictive Cost Model 25% Threshold

- Bimosedaa, D8285, Minneapolis, MN

8. Discussion Items

A. (page 47) 4th Quarter FY 2021 Financial Reporting Package

B. (page 49) Post-sale report, RHFB 2021 Series EF

C. (page 73) 2022-2023 Affordable Housing Plan: Draft for Public Comment

9. Information Items

A. (page 195) Semi-annual Variable Rate Debt and Swap Report as of January 1, 2021

B. (page 209) Post-sale Report – Housing Finance Bonds (HFB), Series 2021 C (Taxable)

10. Other Business

None.

11. Adjournment

DRAFT Minutes
Minnesota Housing Board Meeting
Thursday, August 26, 2021
1:00 p.m.
Via Conference Call

1. **Call to Order.**
   Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 1:02 p.m.

2. **Roll Call.**
   Members Present via conference call: Chief Executive Melanie Benjamin, Auditor Blaha, Chair John DeCramer, Craig Klausing, Stephanie Klinzing, Stephen Spears and Terri Thao.
   Minnesota Housing Staff present via conference call: Tal Anderson, Ryan Baumtrog, Vi Bergquist, Sarah Broich, Stacie Brooks, Kevin Carpenter, Jessica Deegan, Matt Dieveney, Michelle Doyal, Rachel Franco, Anna Heitz, Darryl Henchen, Hannah Jirak, Karen Johnson, Ayo Jones, Kasey Kier, Katey Kinley, Dan Kitzberger, Greg Kline, Greg Krenz, Tresa Larkin, Debbi Larson, James Lehnhoff, Nira Ly, Paul Marzynski, Sarah Matala, Jill Mazullo, Don McCabe, Amy Melmer, Betsy Michaels, John Patterson, Devon Pohlman, William Price, Annie Reierson, Brittany Rice, Paula Rindels, Cheryl Rivinius, Rachel Robinson, Anne Smetak, Corey Strong, Emily Strong, Jodell Swenson, Tonya Taylor, Susan Thompson, Mike Thone, Kayla Vang, Que Vang, Amanda Welliver, Tyler Wenande, Alyssa Wetzel-Moore, and Kristy Zack.
   Others present via conference call: Ramona Advani, Minnesota Office of the State Auditor; Dan Lindgren, General Mortgage Finance.

3. **Agenda Review**
   No changes.

4. **Approval**
   A. Regular Meeting Minutes of July 22, 2021
   Motion: Stephanie Klinzing moved to approve the July 22, 2021, Regular Meeting Minutes. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

5. **Reports**
   A. Chair
   None.

   B. Commissioner
   Deputy Commissioner Robinson shared the following with the Board:
   - Welcome Amanda Welliver, Communications Specialist, RentHelp MN, Communications Division and Timothy Schouten, Information Technology Specialist, BTS Division
   - RentHelpMN Update

C. Committee

None.

6. Consent Agenda

A. Approval, Housing Opportunities for Persons with AIDS (HOPWA) Grant Contract Extension and Funding Modification -Rainbow Health Minnesota (FKA JustUs Health) D3621

Motion: Auditor Blaha moved to approve the Consent Agenda Items. Seconded by Stephen Spears. Roll call was taken. Motion carries 7-0. All were in favor.

7. Action Items

A. Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) and Asset Management Loan - Countryside Townhouses, D0505, Fairmont

Caryn Polito presented to the board a request for selection adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to $3,771,000 and an Asset Management (Financing Adjustment/Financing Adjustment Factor [FA/FAF]) loan program commitment in the amount of up to $1,650,000. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

Motion: Terri Thao moved Selection and Commitment, Low and Moderate Income Rental Loan and Asset Management Loan - Countryside Townhouses, D0505, Fairmont. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

B. Selection and Commitment, Low and Moderate Income Rental Loan (LMIR) -Edison II, D8193, Roseville

Paul Marzynski presented to the board a request to approve adoption of a resolution authorizing the issuance of a Low and Moderate Income Rental (LMIR) program commitment in the amount of up to $4,620,000. All commitments are subject to the terms and conditions of the Agency term letter. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.

Motion: Craig Klausing moved Selection and Commitment Selection and Commitment, Low and Moderate Income Rental Loan -Edison II, D8193, Roseville. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

C. Commitment of Manufactured Home Park Acquisition Loan -Woodlawn Terrace, Richfield

Tresa Larkin presented to the board a request for approval and adoption and authorization for an interest only, secured mortgage loan to finance the acquisition, financing costs and minor improvements of Woodlawn Terrace, manufactured home community in Richfield, MN. Chair DeCramer opened up the discussion. Board members asked a series of questions and staff provided answers.

Motion: Stephanie Klinzing moved Approval and Selection, Publicly Owned Housing Program 2020 RFP. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

D. Approval, Homeownership Education, Counseling and Training (HECAT) Fund Selections

Que Vang presented to the board a request approval of the funding recommendations for participants in the HECAT 2021 – 2023 program. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Terri Thao moved Approval, Homeownership Education, Counseling and Training (HECAT) Fund Selections. Seconded by Stephen Spears. Roll call was taken. Motion carries 7-0. All were in favor.

E. Approval, Enhanced Financial Capacity Homeownership Program Selections

Que Vang presented to the board a request for approval of the Enhanced Financial Capacity Homeownership Program (Homeownership Capacity Program) funding recommendations in the following categories: $1,924,500 Program funding for 20 applicants and $75,500 Homeownership Capacity Incentive Fund and training(s). Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.
Motion: Chief Executive Benjamin moved Approval, Enhanced Financial Capacity Homeownership Program Selections. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

F. Approval, Revisions to the Rehabilitation and Emergency and Accessibility Loan Program Procedural Manuals

Staff presented to the board a request for approval of the revised Rehabilitation Loan Program and Emergency and Accessibility Loan Program Procedural Manuals. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Chief Executive Benjamin moved Approval, Revisions to the Rehabilitation and Emergency and Accessibility Loan Program Procedural Manuals. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

G. Approval, HomeHelpMN Homeowner Assistance Fund Plan

Staff presented to the board a request for approval to establish the COVID-19 Homeowner Assistance Fund program, established under section 3206 of the American Rescue Plan of 2021. Minnesota's program will be called HomeHelpMN and is funded by federal appropriations to provide resources to mitigate financial hardships associated with the coronavirus pandemic by providing funding to prevent homeowner mortgage delinquency, default, foreclosure and displacement. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.
Motion: Terri Thao moved Approval, HomeHelpMN Homeowner Assistance Fund Plan. Seconded by Craig Klausing. Roll call was taken. Motion carries 7-0. All were in favor.

H. Request for Delegated Authority Related to the Homeownership Assistance Fund
Anne Smetak presented to the board a request approval of the attached delegation of authority in order to facilitate the administration of the federally funded Homeownership Assistance Fund. This request is comparable to the delegation of authority previously authorized related to the COVID-19 Emergency Rental Assistance program. Chair DeCramer opened up the discussion. There were no questions from board members.
Motion: Stephanie Klinzing moved Request for Delegated Authority Related to the Homeownership Assistance Fund. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

8. Discussion Items
None.

9. Information Items
A. Third Quarter 2021 Progress Report: 2020-22 Strategic Plan and 2020-21 Affordable Housing Plan
B. Semi-Annual Chief Risk Officer Report

10. Other Business

11. Adjournment
The meeting was adjourned at 2:43 p.m.

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John DeCramer, Chair

MINNESOTA HOUSING

Board Agenda Item: 6.A
Date: 9/23/2021

Item: Approval**,** Minnesota Home Ownership Center, Operating Support Grant

Staff Contact(s):
Que Vang, 651.296.7613, Que.Vang@state.mn.us
Tal Anderson, 651.296.2198, Tal.Anderson@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:
Staff recommends a sole source operating support grant to Minnesota Home Ownership Center, to 1) support the leadership and oversight of the Homeownership Advisors Network and Homeownership Education, Counseling and Training Fund grantees and 2) lead and support the Homeownership Opportunity Alliance for the 2022 and 2023 state fiscal year.

Fiscal Impact:
The operating support grant is funded from Pool 3 and will not earn interest for the Agency.

Meeting Agency Priorities:
☐ Improve the Housing System
☐ Preserve and Create Housing Opportunities
☒ Make Homeownership More Accessible
☐ Support People Needing Services
☐ Strengthen Communities

Attachment(s):
- Background
- Request Details
- Resolution

Background
Minnesota Home Ownership Center ("HOC") is the only statewide organization in Minnesota that coordinates homeowner education and counseling services, including foreclosure prevention and home equity conversation mortgage/reverse mortgage counseling, as well as homeownership support activities designed to decrease Minnesota's home ownership gap between white and Black, Indigenous and People of Color households. This statewide coordination is considered a national model, and HOC has garnered significant support from a variety of public sector, private sector and philanthropic organizations.

HOC is the only HUD-approved regional counseling intermediary in Minnesota and is the HUD counseling intermediary with the greatest number of affiliates in the state, providing statewide coverage. In addition, HOC created, maintains and staffs the client management data collection system, HomeKeeper, which supports the state appropriated program Homeownership Education, Counseling and Training (HECAT) and the grantees.

Over the years, HOC has supported and improved the network of Minnesota counseling organizations in a number of areas, including the standardization of outreach and marketing materials for use by providers, the standardization and quality control of foreclosure prevention counseling during the housing crisis, and client management data collection system support. They have also been a supporter of many statewide affordable housing efforts, including the Emerging Markets Homeownership Initiative (EMHI) and the Homeownership Opportunity Alliance (HOA)

Minnesota Housing staff monitored HOC's activities during its 2019 - 2021 OTA grant period. These monitoring activities are pending and is in active review; program staff anticipate no concerns.

Outcomes Overview
HOC is required to complete numerous activities as a funding partner to the HECAT Program (the Program) while providing leadership and oversight of the Network and leading and supporting the HOA as part of this grant, including but not limited to the following:

- Provide ongoing support, communication, leadership and responses to the Network for: emerging regulations and policies related to mortgages, forbearance plans, and others as a result of coronavirus pandemic; program evaluation; national, state, and local policy analysis; homeownership services and mortgage industry changes; and emerging consumer trends.
- Develop, apply and monitor base on Program benchmark criteria requirements, risk assessment in accordance with Minnesota Housing and the Office of Grants Management policy number 08-10 requirements.
- Work with Minnesota Housing and funding partners to include the following:
    - Provide direction and develop of the Request for Funding Proposals to meet funders' priorities; outcomes and evaluation protocol; funding allocation methodology; protocol for Program compliance and policies related to the

    - Program's Grant Contract Agreement; funding decisions; program analysis and industry trends.
    - Identify, make recommendations and implement strategies to better serve targeted communities or underserved geographical areas.
    - Collect and review semi-annual narratives and quarterly client level data to ensure grantees are on track with Grant Contract Agreement performance goals and program requirements. Validate data to ensure consistency and reliability. Provide technical assistance to address questions or concerns.
- Manage HomeKeeper and provide ongoing outcome and evaluation of the Program.
- Continue to lead the HOA as the fiscal agent and management of contracts, in partnership with Minnesota Housing. Priorities include:
    - Devise the strategy for system-change related to the work groups, including: the Community Engagement, Product Development, Education, Recruitment and Retention, and Measurement.
    - Implement a plan for targeted recruitment of HOA members with an emphasis on reaching Greater Minnesota.

The outcomes and deliverables expected the 2021-2023 grant period include training and technical assistance to the Network including, but not limited to:

- Six certification trainings, prioritizing certifications that will assist with the pandemic.
- Six continuing education trainings.
- Network member webinars for peer exchange, training, and best practices.

For the HOA, developing core messages and materials for outreach and engagement across communities of color and disseminate across multiple channels statewide, with an emphasis on the African American, East African, Southeast Asian and Hispanic communities.

Request for Approval
Staff hereby requests board approval for the HOC to be funded $240,000.00 for a two-year grant period, October 1, 2021 – September 30, 2023.

Agenda Item: 6.A
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING OPERATING TECHHNICAL ASSISTANCE GRANT FUNDS FOR THE MINNESOTA HOMEOWNERSHIP CENTER

WHEREAS, the Minnesota Housing Finance Agency (Agency) will provide grant funds to the Minnesota Homeownership Center to provide services under the operating technical assistance program; and

WHEREAS, Agency staff has reviewed and is in compliance under the Agency's rules, regulations, and policies; and that the awardee will assist in fulfilling the purpose of the grant funds.

NOW THEREFORE, BE IT RESOLVED:

The Board hereby authorizes Agency staff to enter into a Grant Contract Agreement with the Minnesota Home Ownership Center subject to the following conditions:

1. The amount of the Grant Contract Agreement shall not exceed $240,000 and shall be for a grant period of October 1, 2021 through September 30, 2023.

2. The issuance of a Grant Contract Agreement subject to the terms and conditions contained herein and in form and substance acceptable to Agency staff, and the execution of the Grant Contract Agreements shall occur no later than three months from the adoption date of this Resolution; and

3. The Minnesota Home Ownership Center and such other parties shall provide such information and execute all such documents relating to said Grant Contract Agreement as the Agency, in its sole discretion, deems necessary.

Adopted this 23rd day of September 2021.

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CHAIRMAN

MINNESOTA HOUSING

Board Agenda Item: 6.B
Date: 9/23/2021

Item: Approval, Extension to the 2020 Housing Tax Credit (HTC) Carryover Submission Deadline for Certified Public Accountant (CPA) Certification
- Westfield Apartments (fka Brooten Area Housing) – D5780, Brooten

Staff Contact(s):
Nicola Viana, 651.296.8277, nicola.viana@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☒ Motion	☐ Discussion
☐ Resolution	☐ Information

Summary of Request:
Staff requests approval of an extension to the Minnesota Housing HTC carryover submission deadline for CPA certification for Westfield Apartments (fka Brooten Area Housing). The Amended 2020 HTC Program Procedural Manual states the deadline to complete the certification is October 1, 2021. Staff requests an extension to align with the Internal Revenue Service (IRS) due date of December 31, 2021.

Fiscal Impact:
HTCs are a federal resource and do not directly impact Minnesota Housing’s financial condition.

Meeting Agency Priorities:
☒ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☒ Strengthen Communities

Attachment(s):
- Background

Background

On February 27, 2020, the Minnesota Housing board approved a resolution authorizing the allocation of $93,000 in 2020 9% HTCs for Westfield Apartments (fka Brooten Area Housing). Westfield Apartments is a 24-unit existing U.S. Department of Agriculture Rural Development (RD) project located in Brooten, Minnesota.

Section 42 of the Internal Revenue Code (IRC) requires all 9% HTC projects to carryover or be placed in service by the end of the HTC calendar year. The IRS also requires the owner to expend more than 10% of the reasonably expected basis by the close of the calendar HTC year following allocation.

The Amended 2020 HTC Program Procedural Manual requires owners to provide a certified public accountant (CPA) certification as evidence that the 10% requirement has been met as a part of the Carryover application. If the final carryover basis and expenditures information is not available at the time the carryover application is due, the owner can submit a written estimate of the information and request an extension to submit the CPA certification by the following May. If necessary, a second extension can be requested to October 1.

The carryover allocation for Westfield Apartments was executed in December of 2020. The owner submitted the owner certification and agreed to submit the CPA certification by May 1, 2021. The owner subsequently requested a final extension to submit the required certification by October 1, 2021. Since then, the project has experienced significant delays and will not be able to close in time for the owner to meet the expenditure amount and submit the required certification by the October 1 deadline. The owner has requested an extension from October 1, 2021 to December 31, 2021 to provide additional time for the project to close.

The October deadline established was set by Minnesota Housing to provide staff sufficient time to review the information before the December 31 deadline set by the IRS. Due to the circumstances with this project, staff is requesting an administrative modification to approve of an extension to December 31, 2021 in accordance with the approved Amended 2020 HTC 2020 HTC Qualified Allocation Plan (QAP) and Program Procedural Manual.

The Minnesota Housing board is authorized to waive any conditions of the Amended 2020 HTC Program Procedural Manual that are not mandated by Section 42 on a case-by-case basis for good cause shown. Staff believes that the project has adequately demonstrated good cause. Staff requests approval of an extension to the Minnesota Housing HTC carryover submission deadline for CPA certification for Westfield Apartments to December 31, 2021 to align with the Internal Revenue Service (IRS) deadline.

MINNESOTA HOUSING

Board Agenda Item: 6.C
Date: 9/23/2021

Item: Approval, St. Louis County Capacity Building Grant Extension

Staff Contact(s):
Alyssa Wetzel-Moore, 651.263.1453, Alyssa.Wetzel-Moore@state.mn.us

Request Type:

☒ Approval	☐ No Action Needed
☐ Motion	☐ Discussion
☒ Resolution	☐ Information

Summary of Request:
Staff requests approval to extend the grant period in grant agreement (contract number OTA-27 (2019)) with 2019 Capacity Building Initiatives Grantee, St. Louis County, from December 31, 2021 to December 31, 2022. This request is for time extension only.

Fiscal Impact:
The award is structured as a grant, which earns no interest for the Agency.

Meeting Agency Priorities:
- ☒ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- Background
- Resolution

Background
St. Louis County was awarded $40,000 of Pool 3 funds with $32,000 paid upon contract execution on November 13, 2019 and $8,000 to be paid upon receipt of final report and invoice. Through this funding, St. Louis Country has contracted with a Motivational Interviewing Consultant to both train and offer “train the trainer” Motivational Interviewing (“MI”) for 24 partner organizations in the region. Central to this project is working with the identified consultant to provide the training, and most importantly, to train and coach a cohort of MI Champions/Coaches who will have the skills to train others in Motivational Interviewing. This would allow this initial investment in training to be sustained even with job turnover.

Through conversations with St. Louis County, they shared that this training format cannot readily be converted to a virtual environment. The training is extensive and takes approximately a full year to train all of the identified participants and support the MI Champions to successfully lead their own training with coaching from the consultant. Due to the intensive training schedule and the need for it to be in person, the contract was originally amended to expire on December 31, 2021. Unfortunately, the pandemic is lasting longer than expected, and the Delta variant has created additional uncertainty. The consultant has just now begun training in September 2021. St. Louis County has requested a deadline of December 31, 2022 to complete the work to allow ample time for the training and coaching to take place. They stated that having the in-person training will allow for more active participation and a deeper and more sustainable impact.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 21-XXX

RESOLUTION APPROVING ST. LOUIS COUNTY CAPACITY BUILDING GRANT EXTENSION

WHEREAS, the Minnesota Housing Finance Agency ("Agency") has received a request from St. Louis County to extend their 2019 Capacity Building Initiatives grant contract (OTA-27 (2019)) to have time to complete grant activities by December 31, 2022; and

WHEREAS, Agency staff requests that the Board grant this extension for the reasons set out in the request;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to extend the grant period in the existing Capacity Building Initiatives contract with St. Louis County (OTA-27 (2019)) to allow for the completion of grant activities until December 31, 2022 using resources available pursuant to the grant, subject to the terms and conditions herein and in the respective grant agreement, subject to changes allowable under Agency and Board policies:

1. The issuance of a Grant Contract Amendment in form and substance acceptable to Agency staff, and the execution of the Grant Contract Amendment shall occur no later than six months from the adoption date of this Resolution; and

2. The sponsors and such other parties shall execute all such documents and provide all such information relating to said Grant Contract Amendment as the Agency, in its sole discretion, deems necessary.

Adopted this 23rd day of September 2021

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CHAIRMAN

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MINNESOTA HOUSING

Board Agenda Item: 7.A
Date: 9/23/2021

Item: Commitment, Low and Moderate Income Rental Loan (LMIR)

- Maplewood Gardens, D3353, Maplewood, MN

Staff Contact(s):
Erin Coons, 651.296.9836, erin.coons@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
At the November 21, 2019 board meeting, the proposed development was selected for financing under the Low and Moderate Income Rental (LMIR) program under Resolution Number 19-073 in the amount of up to $1,347,000. Minnesota Housing staff completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to $2,948,000.

Also at the November 21, 2019 board meeting, the development was selected in Resolution 19-072 for deferred funding under the Housing Infrastructure Bond (HIB) program for a loan amount not to exceed $3,623,293 and under the Preservation Affordable Rental Income Fund (PARIF) program for a loan amount not to exceed $1,739,679. Upon final underwriting review and higher LMIR first mortgage proceeds, the PARIF loan will decrease to a maximum of $1,210,000. The HIB loan amount is unchanged.

All commitments are subject to the terms and conditions of the Agency term letter.

Fiscal Impact:
LMIR loans are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest income on the loan without incurring financing expenses.

The Agency will earn certain fee income on these loans.

Meeting Agency Priorities:

- ☒ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachments:

- Development Summary
- Resolution
- Resolution Attachment: Term Letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	Maplewood Gardens		**D# 3353**	**M# 18110**
Address	450 McKnight Road South			
City	Maplewood	**County**	Ramsey	
Date of Selection	November 21, 2019	**Region**	Metro	

A. Project Description and Population Served

- The development involves the acquisition and substantial rehabilitation of 29 units in a two-story townhome building with two- and three-bedroom units.
- The development will provide general occupancy housing for singles and families.
- Four units will serve High Priority Homeless (HPH) families with children.
- The development will serve households with incomes up to 60% Multifamily Tax Subsidy Project (MTSP) limits.
- All 29 units will benefit from project-based Section 8 rental assistance.

B. Mortgagor Information

Ownership Entity:	Maplewood Gardens, LLLP
Sponsor:	Twin Cities Housing Development Corporation
General Partner(s)/ Principal(s):	Twin Cities Housing Development Corporation
Guarantor(s):	Twin Cities Housing Development Corporation

C. Development Team Capacity Review

Twin Cities Housing Development Corporation has experience completing housing of similar size and scope, having completed 41 projects consisting of 2,770 units. Minnesota Housing staff experience with this developer is acceptable.

The management company, MetroPlains Management, LLC, was founded in 1979 and currently has 36 developments and 3,673 units. Their portfolio consists of tax credits, amortizing and deferred loans, supportive services, and Section 8 rental assistance. The property manager has the capacity to manage this development.

Neighborhood House, the service provider for the development, has experience providing supportive housing services to the population being served and staff have no concerns.

There are no concerns with either LHB, Inc., the architect, or Watson-Forsberg Co., the contractor. Both have sufficient experience completing projects on time.

The developer represents a Black, Indigenous, and People of Color-owned/Women-owned Business Enterprise.

D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction /End Loan
Permanent Amortizing	LMIR	Housing Investment Fund (Pool 2)	$2,948,000	4.20%	0.125%	Approx. 12 months (const) + 35 years	35 year	Construction to Permanent

The LMIR mortgage will have interest only payments during construction. After completion of construction, the HUD Risk Share insurance will be endorsed, and amortization will commence.

Permanent Mortgage Loan to Cost: 34% **Permanent Mortgage Loan to Value: 72%**

E. Significant Changes Since Date of Selection

- The LMIR first mortgage has increase by more than $1.2 million due to higher rents after the completion of a market-up to market Section 8 Housing Assistance Payments (HAP) contract renewal. The increase in supportable first mortgage debt covered the funding gap present at selection and the material cost increases.
- The increased amortizing debt reduced the need for the full PARIF award, reducing the PARIF loan by approximately $500,000, from $1,739,679 to $1,210,000. The original HIB loan selection amount of $3,623,293 is unchanged.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	$ 2,312,679	$ 79,748
Construction Costs	$ 4,436,127	$ 152,970
Environmental Abatement	$ 0	$ 0
Professional Fees	$ 605,815	$ 20,890
Developer Fee	$ 950,000	$ 32,759

Description	Amount	Per Unit
Financing Costs	$ 243,290	$ 8,389
Total Mortgageable Costs	$ 8,547,911	$ 294,756
Reserves	$ 0	$ 0
Total Development Cost	**$ 8,547,911**	**$ 294,756**

B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Permanent Mortgage	$ 2,948,000	$ 101,655
General Partner Cash	$ 50,000	$ 1,724
HTC Equity Proceeds	$ 0	$ 0
Agency Deferred Funding HIB	$ 3,623,293	$ 124,941
Agency Deferred Funding PARIF	$ 1,210,000	$ 41,724
Ramsey County HOME	$ 400,000	$ 13,793
Interim Income	$ 225,000	$ 7,759
Rebates	$ 91,514	$ 3,156
Deferred Developer Fee	$ 104	$ 0
Total Permanent Financing	**$ 8,547,911**	**$ 294,756**

C. Financing Structure

- The project is being financed with a combination of amortizing and deferred loans. The project is not structured with housing tax credits. Additional Agency loans include:
  - $1,210,000 PARIF deferred loan with a 0.00% interest (but up to 1.0% interest allowed, if requested) and will be co-terminus with the first mortgage.
  - $3,623,293 HIB deferred loan (but up to 1.0% allowed, if requested) under the preservation use. The loan will be co-terminus with the first mortgage.

D. Cost Reasonableness

- The budgeted total development cost per unit of $294,756 is 4% above the predictive model estimate of $283,311, but it is within the 25% tolerance; therefore, it does not require board approval.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
2BR	12	$ 1,240	60% MTSP**	60% MTSP	Project-based Section 8
2BR	1	$ 1,260	60% MTSP**	60% MTSP	Project-based Section 8
3BR	16	$ 1,560	60% MTSP**	60% MTSP	Project-based Section 8

*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits.

**The rents under the Project-based Section 8 rental assistance program may be greater than the MTSP rent limit, however tenants contribute only 30% of their income towards rent.

The following restrictions under the Minnesota Housing programs will be as follows:

- 29 units with incomes not to exceed 60% MTSP and rents at 60% MTSP.

B. Feasibility Summary

All projects are underwritten within the Agency's underwriting guidelines unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- Four units will serve HPH household of families with children.
- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.02.
- The project was underwritten at 5% vacancy, with 1.5% income and 3% expense inflators.
- The project-based Section 8 HAP contract has been renewed for 20 years and the owner agrees to seek renewal of the contract for at least the term of the loans.
- Minnesota Housing's investment preserves 29 units of project-based federal rental assistance, leveraging a present value of $6,655,000 over the 35-year mortgage term, which is 27% more than Minnesota Housing's current proposed combined deferred loan investment. The present value calculation assumes no rent escalation factor, a 1.5% discount rate, and 30% resident contributions toward the contract rents.

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	Maplewood Gardens
Sponsors:	Twin Cities Housing Development Corporation
Guarantors:	Twin Cities Housing Development Corporation
Location of Development:	Maplewood
Number of Units:	29
Amount of LMIR Mortgage: (not to exceed)	$2,948,000

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the acquisition and rehabilitation of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under the LMIR Program), for the indicated development, and to close the loan, upon the following terms and conditions:

1. The amount of the LMIR amortizing loan shall not exceed $2,948,000; and

2. The interest rate on the permanent LMIR loan shall be 4.20% per annum (subject to change, as set forth in the attached draft of the Agency term letter dated September 10, 2021), plus 0.125% per annum HUD Risk-share Mortgage Insurance Premium, with monthly payments based on a 35-year amortization and the interest during the construction period shall be interest-only at 4.20% per annum; and

3. The term of the permanent LMIR loan shall be 35 years and the construction period shall not exceed 18 months; and

4. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

5. The Preservation Affordable Rental Income Fund (PARIF) mortgagor will enter into an agreement with the Agency that complies with Minn. Stat. § 462A.21 and the rider to the appropriation providing funds to the program (Minnesota Laws 2019, First Special Session, Chapter 1, article 5, section 2, subdivision 11); and

6. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

7. Sponsor shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and

8. Sponsor shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and

9. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 23rd day of September 2021

____

CHAIRMAN

400 Wabasha Street North, Suite 400 St. Paul, MN 55102
P: 800.657.3769
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September 16, 2021

Twin Cities Housing Development Corporation
Attn: Barbara M. McQuillan
400 Selby Avenue
Saint Paul, MN 55102

RE: Term Letter
Maplewood Gardens, Maplewood
MHFA Development #D3353, Project #18110

Dear Barbara M. McQuillan:

Minnesota Housing Finance Agency ("Minnesota Housing") staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower:	A single asset entity: Maplewood Gardens, LLLP
General Partner:	Twin Cities Housing Development Corporation
Development Description/Purpose:	Acquisition and rehabilitation of a 29-unit affordable housing development located in Maplewood, Minnesota

Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk Share)	Housing Infrastructure Bonds	PARIF
Loan Amount	$2,948,000	$3,623,293	$1,210,000
Interest Rate	* 4.2%	0%	0%
Mortgage Insurance Premium (%)	[.125%] *(first year premium is paid in advance)*	Not Applicable	Not Applicable
Term	Approx. 12 months (construction) + 35 years	Approx. 12 months (construction) + 35 years	Approx. 12 months (construction) + 35 years
Amortization/Repayment	35	Deferred lump sum payment due in 35 years.	Deferred lump sum payment due in 35 years.

Prepayment Provision	No prepayment first 10 years from date of the Note.	No prepayment first 10 years from date of the Note.	Prepay at any time without penalty.
Nonrecourse or Recourse	Nonrecourse	Nonrecourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	Construction/Permanent Loan	Construction/Permanent Loan	Construction/Permanent Loan
Lien Priority	First	Second	Third

*Subject to change. The interest rate is subject to achieving the following hurdles. Failure to meet either of the hurdles may result in the interest rate being reset at the then current rate, at Minnesota Housing's sole discretion:

- The loans must close or enter into an end loan commitment within 6 months of Board approval to enter into a loan commitment.

Origination Fee: HIB Loan: $36,232
LMIR HUD Risk Share Loan: $58,960
(both are payable at the earlier of loan commitment or loan closing)

Inspection Fee: $10,128(payable at the earlier of loan commitment or loan closing)

Guaranty/Guarantor(s): Completion, repayment and operations Guaranty to be provided by Twin Cities Housing Development Corporation

Operating Deficit Escrow Reserve Account: $88,440 to be funded on the day of closing of the LMIR/HRS loan by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.

Operating Cost Reserve Account: Not Applicable

Replacement Reserve Account: A replacement reserve will be required in the amount of $450/unit/annum. The monthly replacement reserve will be $1,088. The replacement reserve will be held by Minnesota Housing.

Escrows: Real estate tax escrow and property insurance escrow to be established at the time of permanent loan closing and held by Minnesota Housing.

Collateral/Security: Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.

HAP or other Subsidy Agreement:	Commitment to 35 years of affordability from the date of loan closing under the Section 8 Program for 29 units.
Rent and Income Requirements:	29 units with incomes not to exceed 60% MTSP and rents at 60% MTSP. Commitment to 35 years of affordability from the date of loan closing.
Other Occupancy Requirements:	4 of High Priority Homeless units that are set aside and rented to Families with Children.
Other Requirements:	The Housing Infrastructure Bond and PARIF loans are subject to the terms in the attached Deferred Selection Criteria. The PARIF mortgagor will enter into an agreement with the Agency that complies with Minn. Stat. § 462A.21 and the rider to the appropriation providing funds to the program (Minnesota Laws 2019, First Special Session, Chapter 1, article 5, section 2, subdivision 11).
Closing Costs:	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
Expiration Date:	This term letter will expire six months from the date of this letter.
Additional Terms:	Not Applicable
Other Conditions:	Not Applicable
Board Approval:	Commitment of all loans under the LMIR program is subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loan.
Not a Binding Contract:	This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Erin Coons on or before September 20, 2021.

If you have any questions related to this letter, please contact Erin Coons at 651-296-9836 or by e-mail at Erin.Coons@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

Twin Cities Housing Development Corporation

By: ____
Barbara M. McQuillan, Executive Director

Date Accepted: __________________________

MINNESOTA HOUSING

Board Agenda Item: 7.B
Date: 9/23/2020

Item: Modification, Housing Infrastructure Bond (HIB) Loan, Selection, Commitment, Low and Moderate Income Rental Bridge Loan (LMIRBL), and Approval, Waiver of the Predictive Cost Model 25% Threshold

- Bimosedaa, D8235, Minneapolis, MN

Staff Contact(s):
Ted Tulashie, 651.297.3119, ted.tulashie@state.mn.us

Request Type:

☒ Approval
- ☒ Motion
- ☒ Resolution

☐ No Action Needed
- ☐ Discussion
- ☐ Information

Summary of Request:
At the November 21, 2019 Minnesota Housing board meeting, the proposed development was selected for a commitment of deferred funding under the Housing Infrastructure Bond (HIB) program under Resolution No. 19-072. Agency staff completed the underwriting and technical review of the proposed development and recommends:

1. The adoption of a resolution modifying the loan under the Housing Infrastructure Bond (HIB) program, from $8,157,000 to a maximum of $10,840,000.
2. The adoption of a resolution authorizing the selection and issuance of a LMIRBL product commitment not to exceed $3,625,204.
3. The approval of a waiver to the predictive cost model. The total development cost (TDC) per unit is $465,897 and now exceeds the predictive model by 48%. Because the percentage is over the predictive cost model threshold of 25%, the increase requires a board approved waiver.

All commitments are subject to the terms and conditions of the Agency term letter.

Fiscal Impact:
LMIRBLs are funded from Housing Investment Fund Pool 2 resources, and as such, Minnesota Housing will earn interest rate spread income on the LMIRBL. Minnesota Housing will not earn interest revenue on the HIB loan. As the debt service on the HIBs to be issued to finance the HIB loan is paid via state appropriations, there is also no interest expense to the Agency. The Agency will also earn certain fee income in conjunction with the loans.

Meeting Agency Priorities:

☒ Improve the Housing System

☒ Preserve and Create Housing Opportunities

☐ Make Homeownership More Accessible

☒ Support People Needing Services

☒ Strengthen Communities

Attachments:

- Development Summary
- Resolutions
- Resolution Attachment: Term Letter

DEVELOPMENT SUMMARY

SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information				
Development Name	Bimosedaa		**D# 8235**	**M# 18237**
Address	16 4th Street North			
City	Minneapolis	**County**	Hennepin	
Date of Selection	November 21, 2019	**Region**	Metro	

A. Project Description and Population Served

- Bimosedaa involves the acquisition, substantial rehabilitation adaptive reuse, historic preservation of 48 units in a seven-story elevator building, with units ranging from efficiency with kitchens to efficiencies with shared kitchens.
- The development will provide 48 units of permanent supportive housing for single High Priority Homeless and People with Disabilities households.
    - Twenty-four units are designated as High Priority Homeless (HPH) units;
        - Four units targeting Continuum of Care (CoC) Priority One – Single Adults
    - Eight units designated as People with Disabilities units
- The development will serve households with incomes that range from 30% to 50% Multifamily Tax Subsidy Projects (MTSP)
- All units will benefit from Housing Support income supplement rental assistance.
- The project is deeply affordable, with 75% of the units with rents restricted at the 30% MTSP level.

B. Mortgagor Information

Ownership Entity:	Bimosedaa Housing Limited Partnership
Sponsor:	Beacon Interfaith Housing Collaborative
General Partner(s)/ Principal(s):	Bimosedaa LLC and Bimosedaa Co-GP LLC
Guarantor(s):	Beacon Interfaith Housing Collaborative

C. Development Team Capacity Review

The sponsor, Beacon Interfaith Housing Collaborative, has the experience and capacity to complete the project. The developer has utilized agency first mortgages, deferred loans, bridge loans, and low income housing tax credits with proven success.

The property manager, Premier Management Limited Liability Company, was established in 2010 and currently manages 54 developments with 4,135 units. The property manager has the capacity to manage this development.

The service provider, Avivo, is experienced in serving High Priority Homeless and People with Disabilities.

LHB, Inc. is the architect and Watson-Forsberg Co. is the general contractor. Both have the capacity to effectively design and construct the project. They have successfully completed many affordable housing developments in Minnesota Housing's portfolio.

The sponsor, Beacon Interfaith Housing Collaborative is a nonprofit organization that qualifies as a woman-owned business enterprise.

D. Current Funding Request

Loan Type	Program / Product	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction/ End Loan
Bridge	LMIRBL	Pool 2	$ 3,625,204	3.50%	N/A	Maturity 6/15/2027	No	Construction to Permanent
Deferred	HIB	HIB	$10,840,000	0.00%*	N/A	40 yrs**	no	Construction to Permanent

* Interest rate on deferred loans set at 0.00% but may increase up to 1.00%, if requested prior to closing.

**A portion of the HIB loan is structured as a short-term loan with a $5,283,000 payment due after completion of construction. The remaining $5,557,000 is a long-term loan that remains with the property for a 40-year term.

Permanent Mortgage Loan to Cost: 109% **Permanent Mortgage Loan to Value: N/A**

E. Significant Changes Since Date of Selection

- Increased Total Development Costs (TDC)
    - The TDC has increased $6.19 million or 38% since selection in 2019. The increase is largely attributable to higher than expected construction bids and reserves. Further explanation can be found under the Cost Reasonableness section of the report.
    - Reserves have increased by $867,000 or 361% due to an increased LMIRBL interest reserve, a revenue deficit, and supportive services reserves. The gap is being filled with increased syndication equity (Housing Tax Credits as well as federal and state historic tax credits), a deferred loan from Hennepin County, a deferred developer

fee, deferred loans from the Metropolitan Council, and an additional deferred loan from the City of Minneapolis.

- The increased TDC has resulted in the project exceeding the predictive model by 48%. With the reserves netted out of the TDC, the predictive model is exceeded by 42%.

- HIB Loan Increase
  As a result of the construction cost increases, the amount of tax-exempt bonds required to meet the 50% test increased from $8,157,000 to $10,840,000, a 33% increase. The project was originally selected for a $5,557,000 permanent HIB loan plus $2,600,000 to be repaid after completion of construction. The permanent HIB loan will remain at $5,557,000; however, the short-term piece will be increased to $5,283,000 to meet the 50% test to secure the 4% tax credits. The short-term portion to be repaid to the agency no later than November 1, 2023.

- Selection for an Agency LMIRBL
  The project was proposed with a $3,200,000 Bremer Bank bridge loan to cover the state historic tax credit. Minnesota Housing is proposing to replace Bremer Bank.

SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS

A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	$ 2,205,000	$ 45,938
Construction Costs	$15,778,793	$ 328,725
Environmental Abatement	$ 0	$ 0
Professional Fees	$ 1,101,731	$ 22,953
Developer Fee	$ 1,650,351	$ 34,382
Financing Costs	$ 520,050	$ 10,834
Total Mortgageable Costs	$21,255,925	$ 442,832
Reserves	$ 1,107,147	$ 23,066
Total Development Cost	**$22,363,072**	**$ 465,897**

B. Permanent Capital Sources

Description	Amount	Per Unit
Permanent Mortgage	$ 0	$ 0
General Partner Cash	$ 0	$ 0
HTC Equity Proceeds (National Equity Fund)	$ 7,715,279	$ 160,735

Description	Amount	Per Unit
Agency Deferred Funding (Housing Infrastructure Bond)	$ 5,557,000	$ 115,771
LMIRBL Bridge Loan	$ 3,625,204	$ 75,525
City of Minneapolis	$ 2,160,000	$ 45,000
Metropolitan Council	$ 1,275,000	$ 26,563
Federal Home Loan Bank	$ 1,000,000	$ 20,833
Hennepin County	$ 500,000	$ 10,417
Shakopee Mdewakanton Sioux Community	$ 100,000	$ 2,083
Rebates	$ 96,905	$ 2,019
Deferred Developer Fee	$ 333,684	$ 6,952
Total Permanent Financing	**$22,363,072**	**$ 465,897**

C. Financing Structure

- The development will qualify for approximately $507,904 of annual 4% tax credits, which will result in $7,715,279 of equity proceeds from National Equity Fund. The term of the Land Use Restrictive Agreement (LURA) will be 40 years.
- The LMIRBL will be funded from Minnesota Housing's Pool 2 resources to bridge the State of Minnesota historic tax credits. Five instalments of $725,041 per year for five years will be received from the state historic tax credits to repay the bridge loan. Payments are anticipated to commence June 15, 2023, with final payment received June 15, 2027 and any changes are subject to Mortgage Credit Committee approval. Interest payments will be made not less than annually from capitalized operating cost reserves of $319,000. The Sponsor, Beacon Interfaith Housing Collaborative, will provide an unconditional payment guaranty of the loan. The LMIRBL is a new recommendation that was not approved at the time of the initial selection in the 2019 Consolidated Request for Proposals (RFP).

D. Cost Reasonableness

- Predictive Cost Model Estimate and Waiver Recommendation

  The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued tax credits and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 64% to 79% of the variation in historical costs, it cannot capture all of the components of every proposed project. As a result, if a project's proposed TDC is more than 25% over the predicted cost model, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board. With respect to Bimosedaa, the Agency architect, underwriting, and research teams believe the costs are reasonable and recommends a waiver of the predictive cost model 25% threshold.

The budgeted total development cost per unit of $465,897 is 48% above the $315,009 predictive cost model estimate and requires board approval.

At selection in 2019, the TDC was under the 25% threshold; however, the TDC increased $6.19 million or 38% since selection. Pandemic related supply chain issues and higher than normal material costs, especially steel, have been encountered and lead -based paint abatement costs came in far higher than anticipated.

Contributing to the increased construction costs is the scope of work that is required to conform to the historic preservation rehabilitation standards and City of Minneapolis Building Department requirements. In particular:

- Historic preservations costs include restoring all the windows and exterior terracotta work.
- Due to lack of outdoor space, and at the urging of the neighborhood association, a rooftop deck, inclusive of an additional elevator stop, etc. have been added.
- The City of Minneapolis Building Department classified the development as a high-rise, leading to significant additional fire protections costs.

Reserves have increased by $867,000 or 361% due to additional historic tax credit bridge loan interest, a revenue deficit, and supportive services reserves.

Minnesota Housing's architect considers the per unit construction cost for the development reasonable, but on the high side for an adaptive reuse historic preservation elevator building.

- Cost Containment:

  Selected as a 4% housing tax credit development in 2019, the project was not eligible for cost containment points.

SECTION III: UNDERWRITING

A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
0BR/Eff**	18	$ 845	30% MTSP	50% MTSP	Housing Support
0BR/Eff***	6	$ 845	30% MTSP	50% MTSP	Housing Support
0BR/Eff	12	$ 845	30% MTSP	50% MTSP	Housing Support
SRO w/Kitchen**	6	$ 845	30% MTSP	50% MTSP	Housing Support
SRO w/Kitchen***	2	$ 845	30% MTSP	50% MTSP	Housing Support

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
SRO w/Kitchen	4	$ 734	30% MTSP	50% MTSP	Housing Support
TOTAL	**48**				

*Net Rents are the underwriting rents and are net of a utility allowance. The underwriting rents may not reflect the maximum rent limits
** Designated as High priority Homeless units
**** Designated as People with Disabilities

A. Rent and Income Restrictions

The following restrictions under Minnesota Housing programs will be as follows:

- HIB – 48 units with incomes not exceeding 50% MTSP and rents at 50% MTSP.
  - Notwithstanding these restrictions, in no case may the initial income exceed 80% of the greater of state or area median income as determined by the U.S. Department of Housing and Urban Development (HUD), and the rents may not exceed the Affordable to the Local Workforce rent limits, as published by Minnesota Housing.

Other rent and income restrictions under non-Minnesota Housing programs are:

- All 48 units are Low Income Housing Tax Credit (HTC) units subject to the 20-50 set aside under a 40-year LURA. Rents and incomes are restricted to the 50% MTSP level, with 37 units having rents further restricted to 30% MTSP for 10 years.

Sources of rent or operating support:

- The project has received an award from the Red Lake Band of Chippewa Indians for 48 units of Housing Support for a minimum of 10 years to be renewed annually. Forty-two (42) units are underwritten at a monthly contract rent of $845 per unit per month, and four (4) units are underwritten at the lower rate of $710 per unit per month to facilitate assumed transition of units to Medicaid Housing Stabilization Services.

B. Feasibility Summary

All projects are underwritten within the Agency's underwriting guidelines, unless a modification is approved by the Mortgage Credit Committee. This includes management and operating expenses, vacancy rate, rent and income inflators, and annual replacement reserve contributions. Projects also undergo a sensitivity analysis on property operations to further enhance underwriting.

- All units will benefit from Housing Support income supplement rental assistance.
  - Twenty-four units are designated as High Priority Homeless units;
    - Four units targeting CoC Type Priority One – Single Adults
  - Eight units designated as People with Disabilities units

- The project is deeply affordable with 75% of the units with rents restricted at the 30% MTSP level.
- The project maintains positive cash flow for 15 years, although it does not support an amortizing loan.
- The project was underwritten at 7% vacancy, with 2% income and 3% expense inflators.
- Replacement reserves will be funded from project operations in the amount of $1,800 per month or $21,600 annually.
- Minnesota Housing requires and will hold a $319,000 operating cost reserve to fund the LMIRBL reserve.
- National Equity Fund (NEF), the equity provider is requiring $852,147 reserves ($200,000 operating reserves; $40,000 lease-up; $112,147 operating deficit; $500,000 supportive services reserves).
    - The $500,000 supportive services reserves will fund supportive services in the areas of tenant services coordination, front desk costs, security costs, and interpretive services.

Agenda Item: 7.B
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-XX

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT
LOW AND MODERATE INCOME RENTAL BRIDGE LOAN (LMIRBL) PRODUCT

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received an application to provide construction and permanent financing for a multiple unit housing development to be occupied by persons and families of low and moderate income, as follows:

Name of Development:	Bimosedaa
Sponsors:	Beacon Interfaith Housing Collaborative
Guarantors:	Beacon Interfaith Housing Collaborative
Location of Development:	Minneapolis
Number of Units:	48
Amount of LMIRBL (not to exceed)	$3,625,204

WHEREAS, Agency staff has determined that such applicant is an eligible sponsor under the Agency's rules; that such permanent mortgage loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions; and that the construction, acquisition and rehabilitation of the development will assist in fulfilling the purpose of Minn. Stat. ch. 462A; and

WHEREAS, Agency staff has reviewed the application and found the same to be in compliance with Minn. Stat. ch. 462A and Agency's rules, regulations and policies;

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to the sponsor or an affiliate thereof from the Housing Investment Fund (Pool 2 under the LMIR Bridge Loan Product), for the indicated development, upon the following terms and conditions:

1. The amount of the LMIRBL shall not exceed $3,625,204; and

2. The LMIRBL transaction will be financed with the proceeds of Housing Investment Fund (Pool 2 under the LMIRBL product); and

3. The interest rate on the LMIRBL will be 3.50%. The loan will be repaid from five annual installments of principal and interest maturing June 15, 2027; and

4. The LMIRBL commitment shall be entered into on or before March 31, 2022 and shall have a six-month term (which shall also be the LMIRBL commitment expiration date); and

5. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and

6. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and

7. Beacon Interfaith Housing Collaborative will provide an unconditional completion and payment guaranty of the loan; and

8. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 23rd day of September 2021

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CHAIRMAN

Agenda Item: 7.B
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

RESOLUTION NO. MHFA 21-
Modifying Resolution No. MHFA 19-072

RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION
HOUSING INFRASTRUCTURE BOND (HIB) PROGRAM

WHEREAS, the Board has previously authorized a commitment for the Bimosedaa development by its Resolution No. 19-072; and

WHEREAS, the development continues to be in compliance with Minn. Stat. ch. 462A and the Agency's rules, regulations, and policies, and;

WHEREAS, Agency staff has determined that there are increased development costs.

NOW THEREFORE, BE IT RESOLVED:

THAT, the Board hereby authorizes Agency staff to modify the commitment for the indicated development, subject to the revisions noted:

1. The HIB loan shall not exceed $10,840,000.

2. All other terms and conditions of Minnesota Housing Resolution No. 19-072 remain in effect.

Adopted this 23rd day of September 2021

____

CHAIRMAN

400 Wabasha Street North, Suite 400 St. Paul, MN 55102
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F: 651.296.8139 | TTY: 651.297.2361
www.mnhousing.gov

August 18, 2021

Lee Blons
Beacon Interfaith Housing Collaborative
2610 University Avenue West, Suite 100
St. Paul, MN 55114

RE: Term Letter
Bimosedaa, Minneapolis
MHFA Development #D8235, Project #M18237

Dear Ms. Blons:

Minnesota Housing Finance Agency ("Minnesota Housing") staff has approved your request for a loan or loans subject to the terms and conditions contained in this letter (the "Terms"). The Terms are subject to Minnesota Housing's Board of Directors' approval and meeting all underwriting standards, delivery of required due diligence items, satisfactory loan documentation and other loan closing requirements. The Terms do not constitute a commitment to lend on the part of Minnesota Housing and relate only to the specific financing referenced in this letter.

Borrower:	A single asset entity: **Bimosedaa Housing Limited partnership**
General Partner(s):	Bimosedaa LLC Sole Member: Beacon Interfaith Housing Collaborative Bimosedaa Co-GP LLC Sole Member: Beacon Interfaith Housing Collaborative
Development Description/Purpose:	Bimosedaa is the acquisition, adaptive reuse, historic preservation and substantial rehabilitation of an 48 unit of permanent supportive housing project located in Minneapolis, Minnesota

Program	Bridge Loan (Pool2)	Housing Infrastructure Bonds (HIB) Loan
Loan Amount	$3,625,204	$10,840,000
Interest Rate	3.50%	0.00%
Mortgage Insurance Premium (%)	Not Applicable	Not Applicable
Term	5 Years	40 Years
Amortization/Repayment	Principle & Interest	Deferred lump sum payment due in 40 years.*
Prepayment Provision	Prepay at any time without penalty	No prepayment first 10 years from date of the HIB Note*

Nonrecourse or Recourse	Recourse	Nonrecourse
Construction/Permanent Loan or Construction Bridge Loan or End Loan	Construction / Permanent Loan	Construction / Permanent Loan
Lien Priority	First	Second (until bridge loan paid off.)

***$5,283,000 of the HIB loan to be repaid no later than November 1, 2023.**

Origination Fee: HIB Loan: $80,000
Bridge Loan: $27,200
(both are payable at the earlier of loan commitment or loan closing)

Inspection Fee: $37,000
(payable at the earlier of loan commitment or loan closing)

Guaranty/Guarantor(s): For the term of the LMIR Bridge Loan, the following guarantees will be required from Beacon Interfaith Housing Collaborative

- Construction Completion
- Repayment Guaranty
- Operations

Operating Deficit Escrow Reserve Account: Not Applicable

Operating Cost Reserve Account: Capitalized in the amount of $319,000 funded with 2nd equity installment. The reserve will be held by Minnesota Housing and will be used to make interest payments on the five year Bridge Loan.

Replacement Reserve Account: Replacement reserve will be required in the amount of $450/unit/annum. The monthly replacement reserve will be $1,800.00. The replacement reserve will be held by Minnesota Housing.

Escrows: Real estate tax escrow and property insurance escrow to be established at the time of permanent loan closing and held by Minnesota Housing.

Collateral/Security: Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.

HAP or other Subsidy Agreement: Commitment to 10 years of affordability from the date of loan closing under the Housing support program for 48 units.

Rent and Income Requirements: <u>HIB Loan</u>
48 units with incomes not exceeding 50% MTSP and rents at 50% MTSP.

- Notwithstanding these restrictions, in no case may the initial income exceed 80% of the greater of state or area median income as determined by HUD, and the rents may not exceed the Affordable to the Local Workforce rent limits, as published by MHFA.

Commitment to 40 years of affordability from the date of loan closing.

Other Occupancy Requirements:

- 24 High Priority Homeless (HPH) units that are set aside and rented to single adults; and
- 24 units must serve Other Homeless Households under the HIB program.

Other Requirements: The HIB loan is subject to the terms in the attached Deferred Selection Criteria.

Closing Costs: Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.

Expiration Date: This term letter will expire on the earlier of (i) six months from the date of this letter or (ii) Minnesota Housing board approval of a loan commitment.

Additional Terms: None

Other Conditions: None

Board Approval: Commitment of loans under the HIB Bridge Loan program is subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loan.

Not a Binding Contract: This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

Please sign this letter and return it to Ted Tulashie at ted.tulashie@state.mn.us on or before August 28, 2021.

If you have any questions related to this letter, please contact Ted Tulashie at 651.297.3119 or by e-mail at ted.tulashie@state.mn.us.

We appreciate the opportunity to work with you on your affordable housing development.

Sincerely,

James Lehnhoff

Digitally signed by James Lehnhoff
DN: cn=James Lehnhoff, o=Minnesota Housing, ou=Multifamily Division, email=james.lehnhoff@state.mn.us, c=US
Date: 2021.08.22 13:40:42 -05'00'

James Lehnhoff
Assistant Commissioner, Multifamily

AGREED AND ACCEPTED BY:

BIMOSEDAA HOUSING LIMITED PARTNERSHIP

By: Bimosedaa LLC
Its: General Partner

By: ____
Lee Blons, its Authorized Representative

Date Accepted: __________________________

Board Agenda Item: 8.A
Date: 9/23/2021

Item: 4th Quarter FY 2021 Financial Reporting Package

Updated 9/20/21

Staff Contact(s):

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us

Request Type:

- ☒ Approval
  - ☒ Motion
  - ☐ Resolution
- ☐ No Action Needed
  - ☐ Discussion
  - ☐ Information

Summary of Request:

Staff will review 4th quarter financial results.

Fiscal Impact:

None.

Meeting Agency Priorities:

- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

Attachment(s):

- Noteworthy Items
- Financial Dashboard
- Selected Financial Statements—4th quarter FY 2021

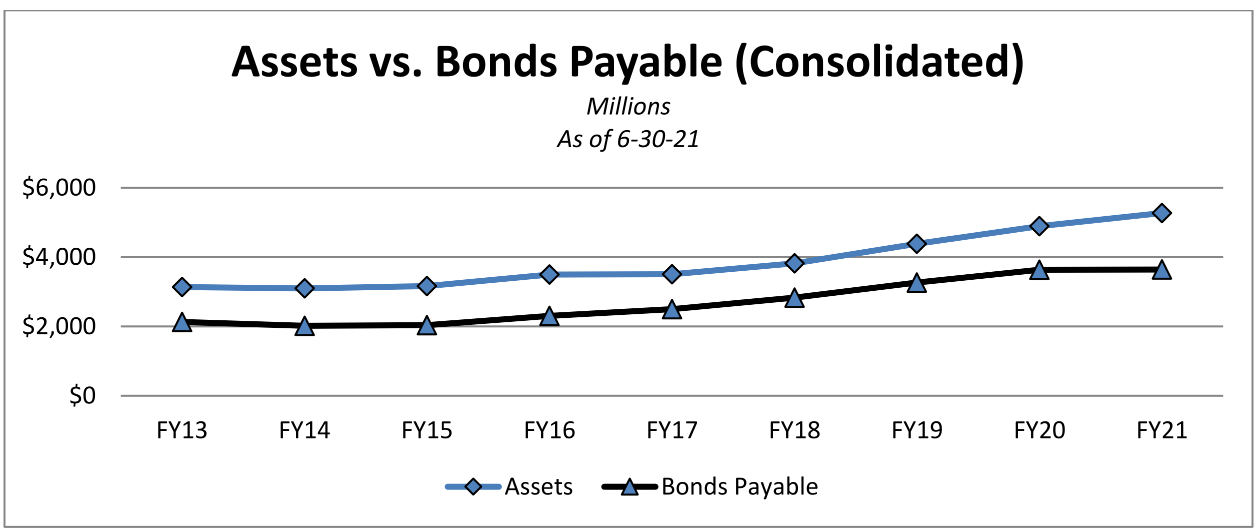
Minnesota Housing Finance Agency
FY 2021 4th Quarter Financial Results
Noteworthy Items

Balance Sheet

At the consolidated level, total assets are up from both last quarter and a year ago, and now approach $5.3 billion. The increase in assets is primarily due to the various infusions of cash for the federal COVID emergency assistance programs. In terms of the MBS portfolio, while new homeownership mortgage production was robust, early prepayments driven by the low interest rates continue to outpace new origination, such that the overall MBS portfolio declined modestly from a year ago. Overall, non-securitized loan assets remained fairly steady, as the pace of new production generally offsets loan prepayments and maturities, although loans closed in the last year or two carry lower interest rates than those originated previously.

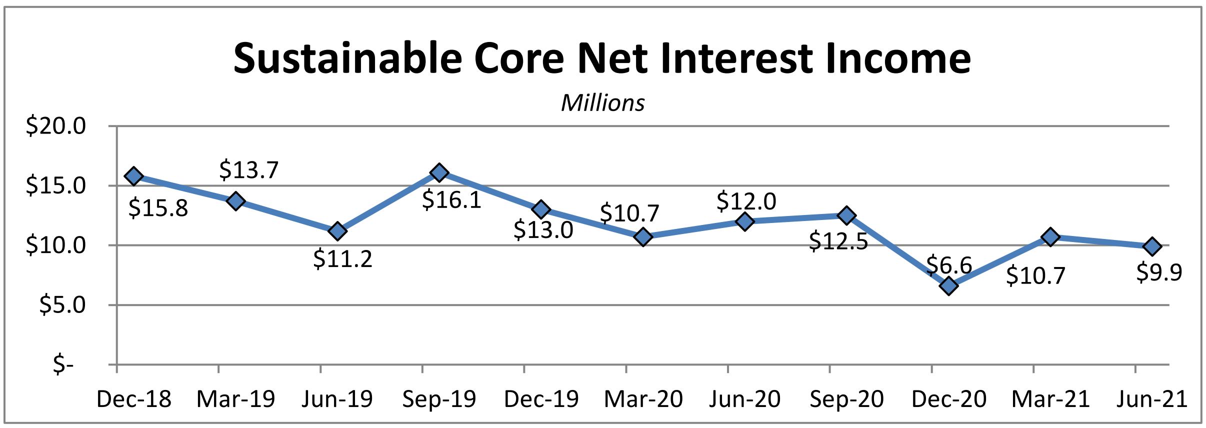
In conjunction with the drop in the MBS portfolio, the bonds payable liability in the Sustainable Core (therefore excluding Housing Infrastructure Bonds), decreased by $93 million from one year ago, as MBS prepayments are used to redeem bonds.

The cash from the federal programs drove a year over year increase of over $250 million in net position at the consolidated level, reaching almost $1.3 billion at year-end. Meanwhile, net position in the sustainable Core dropped modestly ($45 million) from one year ago.

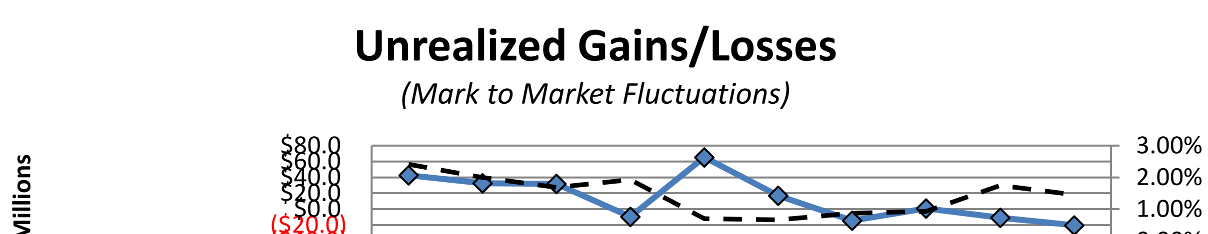


Operating Results

In the Sustainable Core, Q4 FY21 net interest income was $9.9 million, down slightly from the prior quarter, and the year ago quarter. For the entire fiscal year, net interest income decreased by $12.1 million compared to FY 2020. This drop in net interest income is primarily attributable to the ongoing low interest rate environment (especially as relates to interest rates on newly originated loans compared to loans they are replacing), as well as to certain accounting adjustments around the timing of booking elements of interest revenue and interest expense on MBS assets and bonds.



The year-over-year decline in net interest income was partially offset by a $7.2M increase in fees and other revenue (including sales of non-financed MBS). Operating and other expenses (including financing expense) dropped by $7.5 million from the prior year. Finally, for the entire year, the Agency had total unrealized losses on the MBS portfolio of ($45) million, compared to an unrealized gain on the MBS portfolio of $104 million in fiscal year 2020.



	FY19 Q3	FY19 Q4	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4
Unrealized Gains/Losses	$42.6	$32.4	$31.9	($9.8)	$65.3	$17.0	($14.5)	$0.7	($10.7)	($20.4)
Treasury Rate	2.41%	2.00%	1.68%	1.92%	0.70%	0.66%	0.87%	0.93%	1.74%	1.45%

BALANCE SHEET*
Quarterly Financial Dashboard - Selected Reporting
As of June 30, 2021 - ($ million)

	Quarter End	Prior Quarter End	Change from Prior Quarter	Year Ago	Change From Year Ago
CONSOLIDATED					
Total Assets	**5,271.2**	**5,108.5**	**162.7**	**4,888.8**	**382.4**
Program Securities	2,810.6	2,914.7	(104.1)	3,184.3	(373.7)
Loans, net	929.1	940.7	(11.6)	933.7	(4.6)
Other investments and cash	1,510.2	1,231.5	278.7	747.3	762.9
Total Liabilities	**3,964.9**	**3,859.0**	**105.9**	**3,849.5**	**115.4**
Net Position					
restricted by Resolution	486.0	506.0	(20.0)	540.0	(54.0)
restricted by Covenant	513.4	517.9	(4.5)	494.0	19.4
restricted by Law	562.3	479.7	82.6	168.1	394.2
unrestricted - State Appr-Backed Debt	(280.8)	(280.8)	0.0	(179.8)	(101.0)
other	2.1	2.3	(0.2)	4.3	(2.2)
Total Net Position	**1,283.0**	**1,225.1**	**57.9**	**1,026.6**	**256.4**
CONSOLIDATED EXCLUDING APPROPRIATED					
Total Assets	**4,593.2**	**4,511.7**	**81.5**	**4,689.3**	**(96.1)**
Net Position	**1,001.5**	**1,026.2**	**(24.7)**	**1,038.3**	**(36.8)**
SUSTAINABLE CORE					
Total Assets	**4,468.2**	**4,381.3**	**86.9**	**4,563.8**	**(95.6)**
Program Securities	2,810.6	2,914.7	(104.1)	3,184.3	(373.7)
Loans, net	785.0	793.0	(8.0)	796.6	(11.6)
Other investments & cash	851.9	652.3	199.6	560.0	291.9
Total Liabilities	**3,576.3**	**3,459.4**	**116.9**	**3,637.7**	**(61.4)**
Bonds payable, net	3,360.4	3,275.0	85.4	3,453.8	(93.4)
Net Position	**868.7**	**897.6**	**(28.9)**	**913.3**	**(44.6)**

* Assets and liabilities do not include deferred inflows/outflows

STATEMENT OF OPERATIONS
Quarterly Financial Dashboard - Selected Reporting
As of June 30, 2021 - ($ million)

	This Quarter	Prior Quarter	Change from Prior Quarter	FYTD	Last Year FYTD	Change
CONSOLIDATED						
Revenues	215.1	384.9	(169.8)	952.6	582.6	370.0
Expenses	156.9	127.9	29.0	594.9	448.8	146.1
Net	**58.2**	**257.0**	**(198.8)**	**357.7**	**133.8**	**223.9**
SUSTAINABLE CORE						
Interest revenue	29.9	31.7	(1.8)	126.4	147.7	(21.3)
Other revenue	14.8	16.5	(1.7)	64.7	57.5	7.2
Unrealized gain (loss)	(20.4)	(10.7)	(9.7)	(44.9)	104.4	(149.3)
TOTAL REVENUE	**24.3**	**37.5**	**(13.2)**	**146.2**	**309.6**	**(163.4)**
Interest Expense	20.0	21.0	(1.0)	86.7	95.9	(9.2)
Operating Expenses(1)	12.9	9.8	3.1	41.6	38.9	2.7
Other Expenses	10.5	10.8	(0.3)	45.1	53.3	(8.2)
TOTAL EXPENSE	**43.4**	**41.6**	**1.8**	**173.4**	**188.1**	**(14.7)**
Revenue over Expense	**(19.1)**	**(4.1)**	**(15.0)**	**(27.2)**	**121.5**	**(148.7)**
Net Interest Income	**9.9**	**10.7**	**(0.8)**	**39.7**	**51.8**	**(12.1)**
Annualized Net Interest Margin(2)	*0.89%*	*0.97%*		*0.88%*	*1.20%*	

(1) Salaries, benefits and other general operating; includes YE Pension Adj
(2)Annualized Net Interest Income/Average assets for period

Minnesota Housing Finance Agency
Fund Financial Statements
Statement of Net Position (in thousands) - UNAUDITED
Proprietary Funds
As of June 30, 2021 (with comparative totals as of June 30, 2020)

			Bond Funds				Appropriated Funds			
	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	State Appropriated	Federal Appropriated	Total as of June 30, 2021	Total as of June 30, 2020
Assets										
Cash and cash equivalents	105,456	$ 64,243	$ 389,395	$ 115,421	$ 1,710	$ -	$ 229,336	$ 411,871	$ 1,317,432	$ 568,045
Investments-program mortgage-backed securities		-	1,458,215	1,352,387	-	-	-	-	2,810,602	3,184,290
Investment securities-other		22,227	162,904	-	-	7,652	-	-	192,783	179,278
Loans receivable, net		141,467	738,078	-	13,341	-	36,226	-	929,112	933,657
Interest receivable on loans and program mortgage-backed securities		540	7,780	3,928	49	-	15	-	12,312	13,049
Interest receivable on investments	42	64	663	1	-	19	52	-	841	725
Interest rate swap agreements		-	-	-	-	-	-	-	-	-
FHA/VA insurance claims, net		-	213	-	-	-	-	-	213	312
Real estate owned, net		-	617	-	-	-	-	-	617	1,296
Capital assets, net	2,132	-	-	-	-	-	-	-	2,132	4,280
Other assets	3,949	6	701	29	-	-	233	190	5,108	3,903
Total assets	111,579	228,547	2,758,566	1,471,766	15,100	7,671	265,862	412,061	5,271,152	4,888,835
Deferred Outflows of Resources										
Deferred loss on refunding	-	-	6	-	-	-	-	-	6	15
Deferred loss on interest rate swap agreements	-	-	13,932	-	-	-	-	-	13,932	23,605
Deferred pension expense	2,434	-	-	-	-	-	-	-	2,434	14,211
Total deferred outflows of resources	2,434	-	13,938	-	-	-	-	-	16,372	37,831
Total assets and deferred outflows of resources	$ 114,013	$ 228,547	$ 2,772,504	$ 1,471,766	$ 15,100	$ 7,671	$ 265,862	$ 412,061	$ 5,287,524	$ 4,926,666
Liabilities										
Bonds payable, net	$ -	$ 59,880	$ 1,928,954	$ 1,351,335	$ 13,000	$ 7,214	$ 280,760		$ 3,641,143	$ 3,633,649
Interest payable	-	452	21,753	3,941	33	19	-		26,198	29,204
Interest rate swap agreements	-	-	13,932	-	-	-	-		13,932	23,605
Net pension liability	10,189	-	-	-	-	-	-		10,189	10,412
Accounts payable and other liabilities	6,297	17,658	63,399	95	-	-	2,425	9,921	99,795	51,857
Interfund payable (receivable)	(1,375)	115	1,655	-	-	-	(618)	223	-	-
Funds held for others	69,522	-	-	-	-	438	103,702	6	173,668	100,735
Total liabilities	84,633	78,105	2,029,693	1,355,371	13,033	7,671	386,269	10,150	3,964,925	3,849,462
Deferred Inflows of Resources										
Deferred gain on interest rate swap agreements	-	-	-	-	-	-	-	-	-	-
Deferred revenue-service release fee	-	-	12,391	7,835	-	-	-	-	20,226	20,888
Deferred pension credit	19,329	-	-	-	-	-	-	-	19,329	29,734
Total deferred inflows of resources	19,329	-	12,391	7,835	-	-	-	-	39,555	50,622
Total liabilities and deferred inflows of resources	$ 103,962	$ 78,105	$ 2,042,084	$ 1,363,206	$ 13,033	$ 7,671	$ 386,269	$ 10,150	$ 4,004,480	$ 3,900,084
Commitments and contingencies										
Net Position										
Restricted by bond resolution	-	150,442	224,911	108,560	2,067	-	-	-	485,980	540,018
Restricted by covenant	7,919	-	505,509	-	-	-	-	-	513,428	494,044
Restricted by law	-	-	-	-	-	-	160,353	401,911	562,264	168,085
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	(280,760)	-	(280,760)	(179,845)
Invested in capital assets	2,132	-	-	-	-	-	-	-	2,132	4,280
Total net position	10,051	150,442	730,420	108,560	2,067	-	(120,407)	401,911	1,283,044	1,026,582
Total liabilities, deferred inflows of resources, and net position	$ 114,013	$ 228,547	$ 2,772,504	$ 1,471,766	$ 15,100	$ 7,671	$ 265,862	$ 412,061	$ 5,287,524	$ 4,926,666
	-	-	-	-	-	-	-	-	-	-

This information on the funds of the Agency for the twelve-month period ended June 30, 2021 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the twelve-month period ended June 30, 2021 , subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2020 and for the fiscal year then ended.

See accompanying notes to financial statements.

Minnesota Housing Finance Agency
Fund Financial Statements - UNAUDITED
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
Proprietary Funds
Twelve Months Ended June 30, 2021 (with comparative totals for Twelve Months Ended June 30, 2020)

		Bond Funds					Appropriated Funds			
	General Reserve	Rental Housing	Residential Housing Finance	Homeownership Finance Bonds	Multifamily Housing Bonds	HOMES[SM]	State Appropriated	Federal Appropriated	Total for the Twelve Months Ended June 30, 2021	Total for the Twelve Months Ended June 30, 2020
Revenues										
Interest earned on loans	$ -	$ 7,535	$ 31,992	$ -	$ 590	$ -	$ 627	$ -	$ 40,744	$ 43,064
Interest earned on investments-program mortgage-backed securities	-	-	36,477	44,454	-	-	-	-	80,931	94,264
Interest earned on investments-other	212	793	4,785	7	-	300	844	42	6,983	14,812
Net G/L on Sale of MBS Held for Sale/HOMES Certificates	-	-	12,376	-	-	-	-	-	12,376	8,770
Appropriations received	-	-	-	-	-	-	57,445	743,989	801,434	267,544
Administrative reimbursement	33,144	-	-	-	-	-	-	-	33,144	31,336
Fees earned and other income	12,676	97	6,589	1,623	-	-	1,142	-	22,127	18,453
Unrealized gains (losses) on investments	-	(491)	(7,701)	(36,906)	-	-	-	-	(45,098)	104,344
			-			-			-	
Total revenues	46,032	7,934	84,518	9,178	590	300	60,058	744,031	952,641	582,587
Expenses										
Interest	-	1,130	41,989	42,878	395	300	-	-	86,692	95,908
Financing, net	-	6	7,574	3,380	-	-	-	-	10,960	22,894
Loan administration and trustee fees	-	63	2,714	523	4	-	109	-	3,413	3,388
Administrative reimbursement	-	1,201	20,567	9,677	92	-	844	-	32,381	30,724
Salaries and benefits	32,501	-	-	-	-	-	-	-	32,501	30,283
Other general operating	7,424	6	4,247	48	-	-	1,739	-	13,464	13,215
Appropriations disbursed	-	-	-	-	-	-	40,716	355,010	395,726	238,589
Reduction in carrying value of certain low interest	-	-	-	-	-	-	-	-	-	-
rate deferred loans	-	-	8,746	-	-	-	9,818	-	18,564	12,354
Provision for loan losses	-	(82)	1,210	-	(1)	-	87	-	1,214	1,421
									-	
Total expenses	39,925	2,324	87,047	56,506	490	300	53,313	355,010	594,915	448,776
Revenues over (under) expenses	6,107	5,610	(2,529)	(47,328)	100	-	6,745	389,021	357,726	133,811
Other changes										
Non-operating transfer of assets between funds & Adj.	(8,363)	51	(4,591)	14,141			(100,915)	(1,587)	(101,264)	(18,490)
Change in net position	(2,256)	5,661	(7,120)	(33,187)	100	-	(94,170)	387,434	256,462	115,321
Net Position										
Total net position, beginning of period	12,307	144,781	737,540	141,747	1,967	-	(26,237)	14,477	1,026,582	911,261
Total net position, end of period	$ 10,051	$ 150,442	$730,420	$ 108,560	$ 2,067	$ -	$ (120,407)	$401,911	$ 1,283,044	$ 1,026,582

This information on the funds of the Agency for the twelve-month period ended June 30, 2021 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the twelve-month period ended June 30, 2021, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2020 and for the fiscal year then ended.

Total net position, beginning of period adjusted to GASB 68.

See accompanying notes to financial statements.

Minnesota Housing Finance Agency
Supplementary Information(Unaudited)
Statement of Net Position (in thousands)
General Reserve & Bond Funds

As of June 30, 2021 (with comparative totals for June 30, 2020)

	General Reserve	Bond Funds: Rental Housing	Bond Funds: Residential Housing Finance Bonds	Bond Funds: Residential Housing Finance Pool 2	Bond Funds: Homeownership Finance Bonds	Bond Funds: Multifamily Housing Bonds	Bond Funds: HOMES[SM]	General Reserve & Bond Funds Excluding Pool 3 Total As Of June 30, 2021	General Reserve & Bond Funds Excluding Pool 3 Total As Of June 30, 2020	Residential Housing Finance Pool 3 Total As Of June 30, 2021	General Reserve & Bond Funds Total As Of June 30, 2021	General Reserve & Bond Funds Total As Of June 30, 2020
Assets												
Cash and cash equivalents	$ 105,456	$ 64,243	344,832	$ 36,951	$ 115,421	$ 1,710	$ -	$ 668,613	$ 402,852	$ 7,612	$ 676,225	$ 406,802
Investments-program mortgage-backed securities	-	-	1,458,215	-	1,352,387	-	-	2,810,602	3,184,290	-	2,810,602	3,184,290
Investment securities-other	-	22,227	9,764	143,661	-	-	7,652	183,304	156,815	9,479	192,783	179,278
Loans receivable, net	-	141,467	262,039	368,185	-	13,341	-	785,032	796,587	107,854	892,886	895,624
Interest receivable on loans and program mortgage-backed securities	-	540	6,159	1,590	3,928	49	-	12,266	13,000	31	12,297	13,035
Interest receivable on investments	42	64	156	475	1	-	19	757	640	32	789	673
Interest rate swap agreements	-	-	-	-	-	-	-	-	-	-	-	-
FHA/VA insurance claims, net	-	-	213	-	-	-	-	213	312	-	213	312
Real estate owned, net	-	-	296	321	-	-	-	617	1,296	-	617	1,296
Capital assets, net	2,132	-	-	-	-	-	-	2,132	4,280	-	2,132	4,280
Other assets	3,949	6	48	651	29	-	-	4,683	3,734	2	4,685	3,734
Total assets	111,579	228,547	2,081,722	551,834	1,471,766	15,100	7,671	4,468,219	4,563,806	125,010	4,593,229	4,689,324
Deferred Outflows of Resources												
Deferred loss on refunding	-	-	6	-	-	-	-	6	15	-	6	15
Deferred loss on interest rate swap agreements	-	-	13,932	-	-	-	-	13,932	23,605	-	13,932	23,605
Deferred pension expense	2,434	-	-	-	-	-	-	2,434	14,211	-	2,434	14,211
Total deferred outflows of resources	2,434	-	13,938	-	-	-	-	16,372	37,831	-	16,372	37,831
Total assets and deferred outflows of resources	$ 114,013	$ 228,547	$ 2,095,660	$ 551,834	$ 1,471,766	$ 15,100	$ 7,671	$ 4,484,591	$ 4,601,637	$ 125,010	$ 4,609,601	$ 4,727,155
Liabilities												
Bonds payable, net	$ -	$ 59,880	$ 1,825,624	$ 103,330	$ 1,351,335	$ 13,000	$ 7,214	$ 3,360,383	$ 3,453,804	$ -	$ 3,360,383	$ 3,453,804
Interest payable	-	452	21,734	19	3,941	33	19	26,198	29,204	-	26,198	29,204
Interest rate swap agreements	-	-	13,932	-	-	-	-	13,932	23,605	-	13,932	23,605
Net pension liability	10,189	-	-	-	-	-	-	10,189	10,412	-	10,189	10,412
Accounts payable and other liabilities	6,297	17,658	581	61,618	95	-	-	86,249	49,978	1,200	87,449	50,490
Interfund payable (receivable)	(1,375)	115	-	10,655	-	-	-	9,395	(582)	(9,000)	395	(582)
Funds held for others	69,522	-	-	-	-	-	438	69,960	71,258	-	69,960	71,258
Total liabilities	84,633	78,105	1,861,871	175,622	1,355,371	13,033	7,671	3,576,306	3,637,679	(7,800)	3,568,506	3,638,191
Deferred Inflows of Resources												
Deferred gain on interest rate swap agreements	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue-service release fee	-	-	8,878	3,513	7,835	-	-	20,226	20,888	-	20,226	20,888
Deferred pension credit	19,329	-	-	-	-	-	-	19,329	29,734	-	19,329	29,734
Total deferred inflows of resources	19,329	-	8,878	3,513	7,835	-	-	39,555	50,622	-	39,555	50,622
Total liabilities and deferred inflows of resources	$ 103,962	$ 78,105	$ 1,870,749	$ 179,135	$ 1,363,206	$ 13,033	$ 7,671	$ 3,615,861	$ 3,688,301	$ (7,800)	$ 3,608,061	$ 3,688,813
Commitments and contingencies												
Net Position												
Restricted by bond resolution	-	150,442	224,911	-	108,560	2,067	-	485,980	540,018	-	485,980	540,018
Restricted by covenant	7,919	-	-	372,699	-	-	-	380,618	369,038	132,810	513,428	494,044
Restricted by law	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted by State Appropriation-backed Debt	-	-	-	-	-	-	-	-	-	-	-	-
Invested in capital assets	2,132	-	-	-	-	-	-	2,132	4,280	-	2,132	4,280
Total net position	10,051	150,442	224,911	372,699	108,560	2,067	-	868,730	913,336	132,810	1,001,540	1,038,342
Total liabilities, deferred inflows, and net position	$ 114,013	$ 228,547	$ 2,095,660	$ 551,834	$ 1,471,766	$ 15,100	$ 7,671	$ 4,484,591	$ 4,601,637	$ 125,010	$ 4,609,601	$ 4,727,155
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-			-	-	-			-		

This information on the funds of the Agency for the twelve-month period ended June 30, 2021 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the twelve-month period ended June 30, 2021, subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2020 and for the fiscal year then ended.

See accompanying notes to financial statements.

Minnesota Housing Finance Agency
Supplementary Information (Unaudited)
Statement of Revenues, Expenses and Changes in Net Position (in thousands)
General Reserve & Bond Funds
Twelve Months Ended June 30, 2021 (with comparative totals for the twelve months ended June 30, 2020)

		Bond Funds										
			Residential Housing Finance		Homeownership	Multifamily		General Reserve & Bond Funds Excluding Pool 3 Total for Twelve Months Ended	General Reserve & Bond Funds Excluding Pool 3 Total for Twelve Months Ended	Residential Housing Finance Pool 3 Total for Twelve Months Ended	General Reserve & Bond Funds Total for Twelve Months Ended	General Reserve & Bond Funds Total for Twelve Months Ended
	General Reserve	Rental Housing	Bonds	Pool 2	Finance Bonds	Housing Bonds	HOMES^{SM}	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2021	June 30, 2020
Revenues												
Interest earned on loans	$ -	7,535	$ 15,290	$ 16,084	$ -	$ 590	$ -	$ 39,499	$ 42,040	$ 618	40,117	$ 42,374
Interest earned on investments-program mortgage-backed securities	-	-	36,477	-	44,454	-	-	80,931	94,264	-	80,931	94,264
Interest earned on investments-other	212	793	531	4,080	7	-	300	5,923	11,372	174	6,097	11,959
Net G/L on Sale of MBS Held for Sale/HOMES Certificate	-	-		12,376	-	-	-	12,376	8,770	-	12,376	8,770
Appropriations received	-	-		-	-	-	-	-	-	-	-	-
Administrative reimbursement	33,144	-		-	-	-	-	33,144	31,336	-	33,144	31,336
Fees earned and other income	12,676	97	1,613	3,197	1,623	-	-	19,206	17,429	1,779	20,985	17,446
Unrealized gains (losses) on Investments	-	(491)	(23,127)	15,615	(36,906)	-	-	(44,909)	104,394	(189)	(45,098)	104,510
Total revenues	46,032	7,934	30,784	51,352	9,178	590	300	146,170	309,605	2,382	148,552	310,659
Expenses												
Interest	-	1,130	41,413	576	42,878	395	300	86,692	95,908		86,692	95,908
Financing, net	-	6	7,507	67	3,380	-	-	10,960	22,894		10,960	22,894
Loan administration and trustee fees	-	63	1,410	1,281	523	4	-	3,281	3,257	23	3,304	3,279
Administrative reimbursement	-	1,201	11,395	7,639	9,677	92	-	30,004	26,684	1,533	31,537	28,121
Salaries and benefits	32,501	-		-	-	-	-	32,501	30,283		32,501	30,283
Other general operating	7,424	6	57	1,605	48	-	-	9,140	8,648	2,585	11,725	10,943
Appropriations disbursed	-	-	-	-	-	-	-	-	-		-	-
Reduction in carrying value of certain low interest rate deferred loans	-	-	186	(49)	-	-	-	137	78	8,609	8,746	449
Provision for loan losses	-	(82)	617	178	-	(1)	-	712	308	415	1,127	1,233
Total expenses	39,925	2,324	62,585	11,297	56,506	490	300	173,427	188,060	13,165	186,592	193,110
	6,107	5,610	(31,801)	40,055	(47,328)	100	-	(27,257)	121,545	(10,783)	(38,040)	117,549
Other changes												
Non-operating transfer of assets between funds	(8,363)	51	5,189	(28,367)	14,141	-	-	(17,349)	(15,480)	18,587	1,238	520
Change in net position	(2,256)	5,661	(26,612)	11,688	(33,187)	100	-	(44,606)	106,065	7,804	(36,802)	118,069
Net Position												
Total net position, beginning of period	12,307	144,781	251,523	361,011	141,747	1,967	-	913,336	807,271	125,006	1,038,342	920,273
Total net position, end of period	$ 10,051	$ 150,442	$ 224,911	$ 372,699	$ 108,560	$ 2,067	$ -	$ 868,730	$ 913,336	$ 132,810	$ 1,001,540	$ 1,038,342
	-	-			-	-	-			-		

This information on the funds of the Agency for the twelve-month period ended June 30, 2021 was prepared by the Agency, and, in the opinion of the Agency, includes all accounting adjustments necessary for a fair statement of the financial position and results of operations of those funds for the twelve-month period ended June 30, 2021 subject to year-end adjustments. However, this presentation excludes management's discussion and analysis, the agency-wide financial statements, and the notes to the financial statements which are required by generally accepted accounting principles. This information has not been reviewed by independent auditors and is not accompanied by any opinion from them. This information should be read in conjunction with the Agency's audited financial statements as of June 30, 2020 and for the fiscal year then ended.

See accompanying notes to financial statements.

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MINNESOTA HOUSING

Board Agenda Item: 8.B
Date: 9/23/2021

Item: Post-sale report, RHFB 2021 Series EF

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☒ Discussion
☐ Resolution	☐ Information

Summary of Request:
The Agency will be closing on these Residential Housing Finance Bonds on September 28, 2021. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:
None.

Meeting Agency Priorities:
- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- Post-Sale Report
- Kestrel Social Bond Report

CSG | advisors

$150,000,000
Minnesota Housing Finance Agency
Residential Housing Finance Bonds
2021 Series EF

POST-SALE ANALYSIS

KEY RESULTS FOR MINNESOTA HOUSING

Purpose. 2021 Series EF accomplished the following major objectives:

1. The issue enabled Minnesota Housing to:

    - profitably finance $142.9 million Start-Up first mortgages on the balance sheetand earn net annual income over future years, and

    - fund $7.1 million of 0% deferred payment loan second mortgages for lower income Start-Up borrowers, thus supplementing the Pool 3 and other monies the agency relies on for such lending.

2. This tax-exempt issue used $44.7 million of 2018 private activity bond volume cap together with recycled authority from past bond issues.

3. Achieved full spread, after utilizing approximately $16 million of Minnesota Housing's existing zero participations. This leaves approximately $70 million of zero participations for future transactions.

Key Measurable Objectives and Accomplishments. The results of the issue were very successful:

Objective	***Result***
Finance new production on balance sheet	$142.9 million of new first mortgage loans in MBS securities and $7 million of 0% deferred payment second mortgages for downpayment asstistance.
Leverage private activity bond volume cap	Leveraged new bond cap approx. 3.4 times.
Achieve full spread on the overall transaction	Agency earned full spread (1.12%) including from use of zero participations.
Minimize use of and/or create zero participations (interest subsidies under IRS rules), and preserve them for future issues	The agency has about $70 million of zero participations available to help achieve full spread on future issues.
Achieve cost-effective bond yield	The overall bond yield was approximately 1.90%.
Create future income streams that will support Pool 3	Increases indenture's expected net present value.
Maintain high bond ratings	RHFB bonds are rated Aa1 / AA+

TIMING AND STRUCTURE

Timing. The bonds were priced on Thursday, September 9th and are scheduled to close on September 28th.

Sizing. The issue was sized to fund a portion of the current pipeline, while preserving past zero participations.

Major Design Decisions. Key decisions by Minnesota Housing were to:

- **Preserve and extend existing zero participations** – a key resource that issuers are allowed under the IRS tax code – to help the agency and borrowers on future bond issues. Since zero participations can only be extended in conjunction with a large enough amount of new tax-exempt debt, the issue was sized to carry over these past zero participations.

- **Use zero participations effectively.** The agency's zero participations were used effectively on this issue to:

    - **fund 0% downpayment assistance second mortgages (Deferred Payment Loans)**. As with Series AB and CD, the agency used bond proceeds to supplement the Pool 3 monies and state appropriations it has relied on to fund its Deferred Payment Loans.

    - **enable the agency to earn full spread on this issue, while recovering hedge losses.**

- **Issue solely tax-exempt bonds.** Separate from this RHFB issue, Minnesota Housing financed $61.8 million of Start-Up pipeline with taxable pass-through bonds in its Homeownership Finance Bond indenture to help stretch volume cap. This was a lower cost way to use taxable debt than to include a taxable series within this RHFB issue.

Bond Structure Decisions.

- **Series E.** These $15,695,000 of bonds, which are subject to the Alternative Minimum Tax (AMT), were structured as shorter serial maturities from 2022 through 2027, to incur the least additional cost from AMT debt on overall bond yield.

- **Series F.** This series of $134,305,000 of non-AMT bonds were structured throughout the maturity schedule, including serial bonds in 2022, 2024 and 2026-2033, term bonds in 2036, 2041, and 2046, and a premium PAC bond in 2052 for $46,380,000, 31% of the entire issue.

SOCIAL BONDS

With Series EF, Minnesota Housing joined the growing ranks of housing and other issuers who have designated their bonds as meeting an important social purpose.

As background, over the last several years, many investors have begun seeking out bonds which meet environmental, social and governance standards. Single-family housing bonds generally meet the social purpose standards because of the level of affordability they provide in serving low and moderate income households.

Indeed, the three social purpose categories are: affordable housing, access to essential services, and socioeconomic advancement and empowerment. Eligibility requirements for loans supported with social bonds include income limits to help ensure the program serves households with low and moderate incomes, and that the borrower must be a first-time homebuyer, a qualified veteran, or purchasing a home in a targeted area.

Minnesota Housing, like other state and local housing finance agencies, has been serving these needs for many years. What is new is not what Minnesota Housing is doing, but the growing interest of many participants across the wide range of municipal and corporate markets in defining those investments which meet these kinds of standards. New bond funds are beginning to be established specifically for such bonds.

While some issuers have on their own been designating their bond issues as meeting these purposes, Minnesota Housing like many other housing finance agencies contracted with an independent party to evaluate and confirm that the bonds specifically meet the criteria for social bonds. Kestrel Verifiers, widely recognized across the industry, provided this opinion. As the basis for Kestrel's determination, Minnesota Housing provides detailed information on the income mix of borrowers under the program. A copy of Kestrel's official report accompanies the preliminary and final official statements, and is attached as an exhibit to this memo.

While it has been difficult to quantify the exact impact on bond pricing of such designations, several major purchasers of Series EF marked this designation in their order. Over time, the Social Bond designation may prove helpful in broadening the investor base, and be useful on offerings in challenging markets.

BOND SALE RESULTS

1. ***Retail Interest***. This issue had very good retail demand. There were approximately $73 million of retail orders, including $35.6 million from Minnesota investors.

2. ***Institutional Interest.*** More than $295 million of institutional orders were received, so that altogether there was a total of $370 million of going away orders, approximately 2.47 times the total amount of bonds.

3. ***Overall Pricing.*** Yields were lowered on many of the AMT serials in Series E by 5 basis points.

   Yields on many of the early Non-AMT serial bonds in Series F were reduced by 2.5 to 5 basis points. The 2036 term bond was reduced in yield by 5 basis points to 2.00% before the formal pricing. The 2041 and 2046 term bonds were heavily oversubscribed, and yields were reduced by 5 basis points. The PAC bond was only very slightly oversubscribed, 1.2 times and was kept at the original yield of 0.90%.

4. ***Comparable Transactions.*** *Series E: AMT.* There are relatively few recent AMT single-family series. The most recent AMT issues were Colorado in July and State of New York Mortgage Agency at the end of June. Minnesota's yields were significantly lower on the earliest AMT serials, and about the same on the later serials.

   Series F: Non-AMT. Two comparable issues were priced at approximately the same time as Minnesota. MassHousing priced $85 million of single-family bonds with the same ratings as Minnesota. Illinois issued $125 million rated that are Aaa

For the serial bonds, Minnesota's yields were similar to or tighter than Illinois (despite Illinois' higher rating); MassHousing sold a different type of non-callable premium serial bond. Minnesota's term bonds were all tighter than Illinois, and tighter than or about the same as MassHousing's.

UNDERWRITING

Underwriters. RBC was senior manager, with J.P. Morgan, Piper Sandler and Wells Fargo as co-managers.

Sales by Underwriter. Following are retail orders and allotments. In addition to RBC, there were excellent contributions by co-managers, especially Wells Fargo and Piper. Beyond retail orders shown on the table, as well as RBC as the senior manager bringing in institutional orders, Piper Sandler also brought in $3.98 million of institutional orders.

Member	Role	MN Retail Orders	MN Retail Allotments	Total Retail Orders (includes MN)	Total Retail Allotments (includes MN)
RBC	Senior Manager	**18,245,000**	**16,300,000**	**52,755,000**	**22,185,000**
J.P. Morgan	Co-Manager			1,530,000	1,035,000
Piper Sandler	Co-Manager	5,100,000	1,280,000	5,100,000	1,280,000
Wells Fargo	Co-Manager	12,160,000	6,405,000	13,395,000	6,615,000
Subtotal		**17,260,000**	**7,685,000**	**20,025,000**	**8,930,000**
Robert W. Baird	Selling Group	25,000	25,000	25,000	25,000
Morgan Stanley	Selling Group	100,000	100,000	160,000	160,000
UBS	Selling Group				
Subtotal		**125,000**	**125,000**	**185,000**	**185,000**
Total		**35,630,000**	**24,110,000**	**72,965,000**	**31,300,000**

Underwriter Fees. Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

ISSUE DETAILS

Economic Calendar. With the economy growing from shutdown levels--including 6.6% GDP increase in the second quarter, unemployment dropping to 5.2% in August, the $1.9 trillion April federal fiscal stimulus, expected $1 billion new infrastructure bill and potential very large budget resolution, and 5.4% increase in CPI over 12-months ago--investors have been debating whether the current inflation will indeed be "transitory" as the Fed continues to express confidence in, or whether this is the start of a longer inflationary trend. Federal Reserve board minutes indicate that the Fed may begin tapering its monthly Treasury bond and MBS purchases by the end of the year. In the weeks prior to the sale, there was cautionary news, however, including the spread of the Delta variant, termination of extended Federal unemployment benefits, and that new hiring dropping to 235,000 in August from 947,000.

Treasuries. The yields on Treasuries dropped dramatically during the pandemic, given economic contraction, the global flight to quality and extraordinary Federal Reserve efforts to lower rates by buying both Treasuries and MBS. Rates began rising again in 2021, with roll-out of vaccines, fewer infections, states reopening, the $1.9 trillion Federal COVID relief plan in April, rising prices, and fears of further inflation from fiscal stimulus and Federal Reserve policy. The 10 year UST yield rose quickly from 1.15% when HFB 2021 A was priced in mid-February to 1.47% when RHFB AB was priced in early March and 1.68% when RHFB CD was priced in mid-May. The 10 year Treasury then dropped to the 1.30s in July and was 1.30% at the time of this bond sale.

***Municipals*.** When the pandemic first rocked financial markets in March 2020, Treasuries dramatically outperformed municipals, leading to record ratios of MMD to Treasury. Investors, however, returned to municipals, driving muni yields down. This enormous surge of demand and limited municipal supply drove municipal yields to as low as 60% of the 10 year Treasury earlier this year. Demand for municipal bonds remains very strong, with 26 straight weeks of inflows to municipal bond funds, including 9 straight weeks of more than $1 billion.

While municipal bond yields have dropped in the last few months, they have not dropped nearly as much as Treasuries. For example since Series CD, the 10 year Treasury dropped by 38 basis points, while the 10 year MMD was only reduced by 7 basis points. This has brought the ratio of 10 year MMD to 10 year Treasury back to 72.3%.

While the spreads to Treasuries have thus began normalizing, what is especially important to issuers like Minnesota Housing is the absolute level of municipal yields. Municipal yields are near historic lows, with the 10 year AAA MMD index below 1%.

Issue	Date	10-Year Treasury	10-Year MMD	MMD/ Treasury	30-Year Treasury	30-Year MMD	MMD/ Treasury
2020 HFB A	3/9/20	0.54%	0.78%	144.4%	0.99%	1.38%	139.4%
2020 HFB BC	5/13/20	0.64%	1.09%	170.3%	1.35%	1.90%	140.7%
2020 RHFB DE	6/9/20	0.84%	0.88%	104.8%	1.59%	1.68%	105.7%
2020 HFB D	8/6/20	0.55%	0.59%	107.3%	1.20%	1.28%	106.7%
2020 RHFB FG	9/15/20	0.68%	0.84%	123.5%	1.43%	1.58%	110.5%
2020 HFB E	11/9/20	0.96%	0.86%	89.6%	1.73%	1.61%	93.1%
2020 RHFB HI	12/9/20	0.95%	0.71%	74.7%	1.69%	1.40%	82.8%
2021 HFB A	2/10/21	1.15%	0.69%	60.0%	1.92%	1.34%	69.8%
2021 RHFB AB	3/3/21	1.47%	1.15%	78.2%	2.25%	1.80%	80.0%
2021 HFB B	5/12/21	1.69%	1.02%	60.4%	2.41%	1.60%	66.4%
2021 RHFB CD	**5/19/21**	**1.68%**	**1.01%**	**60.1%**	**2.38%**	**1.58%**	**66.4%**
2021 HFB C	8/10/21	1.36%	0.88%	64.7%	1.99%	1.46%	73.4%
2021 RHFB EF	**9/9/21**	**1.30%**	**0.94%**	**72.3%**	**1.90%**	**1.53%**	**80.5%**
Change from RHFB 2021 CD		**- 38 bp**	**- 7 bp**	**+12.2 %**	**- 48 bp**	**-5 bp**	**+14.1%**

AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date		9/9/21		7/20/21		6/30/21		6/9/21	
Amount		$15,695,000		$2,770,000		$67,090,000		$5,650,000	
Issuer		Minnesota HFA		Colorado HFA		SONYMA		Montgomery Co. HOC (MD)	
Series		2021 Series E		2021 Series G		Series 235		2021 Series B	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aaa / AAA / -		Aa1 / - / -		Aa2 / - / -	
Tax Status		AMT		AMT		AMT		AMT	
Year	Maturity ('21 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021								
1	2022	0.150	+8 / +8	0.25 / 0.30	+19 / +23	0.25 / 0.30	+13 / +17	0.25 / 0.30	+20 / +24
2	2023	0.25 / 0.30	+14 / +19	0.40 / 0.45	+31 / +33	0.40 / 0.55	+25 / +37	0.35 / 0.45	+28 / +35
3	2024	0.45 / 0.55	+33 / +39	0.55 / 0.60	+39 / +39	0.65 / 0.75	+43 / +48	0.50 / 0.60	+37 / +41
4	2025	0.70 / 0.75	+51 / +49			0.875 / 1.00	+54 / +61	0.65 / 0.75	+41 / +44
5	2026	0.90 / 0.95	+57 / +56			1.05 / 1.15	+58 / +64	0.90 / 0.95	+55 / +54
6	2027	1.10 / 1.25	+66 / +73			1.30 / 1.40	+73 / +76	1.100	+66
7	2028					1.50 / 1.55	+82 / +82	1.30 / 1.40	+72 / +77
8	2029							1.55 / 1.65	+86 / +91
9	2030								
10	2031								
11	2032								
PAC									
Notes									
Maturity Dates		1/1 and 7/1		11/1 and 5/1		4/1 and 10/1		1/1 and 7/1	
Call Provisions		None		None		None		None	
Mkt Index		BBI / RBI 2.15% / 2.50%		BBI / RBI 2.04% / 2.40%		BBI / RBI 2.16% / 2.53%		BBI / RBI 2.18% / 2.54%	
Sr Manager		RBC Capital Markets		Jefferies		Barclays		BofA	

AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date		5/19/21		5/19/21		4/21/21		3/18/21	
Amount		$24,020,000		$38,895,000		$3,790,000		$34,015,000	
Issuer		Minnesota HFA		Pennsylvania HFA		Colorado HFA		SONYMA	
Series		2021 Series C		Series 2021-135B		2021 Series D		Series 232	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aaa / AAA / -		Aa1 / - / -	
Tax Status		AMT		AMT		AMT		AMT	
Year	Maturity ('21 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021					0.200		0.25*	
1	2022	0.20 / 0.25	+11 / +15	0.21* / 0.26*	+11 / +16	0.25 / 0.30	+19 / +24	0.30* / 0.35*	+12 / +15
2	2023	0.40 / 0.45	+28 / +30	0.35* / 0.43*	+21 / +27	0.35 / 0.40	+27 / +29	0.40* / 0.50*	+18 / +24
3	2024	0.60 / 0.70	+40 / +44	0.54* / 0.60*	+30 / +32	0.60 / 0.65	+45 / +46	0.60* / 0.70*	+26 / +32
4	2025	0.80 / 0.875	+46 / +49	0.70* / 0.80*	+33 / +39	0.80 / 0.85	+54 / +55	0.80* / 0.85*	+34 / +36
5	2026	0.95 / 1.05	+49 / +54	0.92* / 0.99*	+43 / +47	0.95 / 1.00	+58 / +60	0.95* / 1.00*	+37 / +40
6	2027	1.20 / 1.30	+64 / +66	1.10* / 1.18*	+49 / +52			1.15* / 1.20*	+45 / +45
7	2028	1.450	+75	1.26* / 1.34*	+53 / +56			1.30* / 1.35*	+48 / +48
8	2029			1.44* / 1.49*	+60 / +61			1.50* / 1.85	+54 / +85
9	2030			1.57* / 1.61*	+63 / +64			2.000	+92 / +88
10	2031							2.10 / 2.15	+94 / +96
11	2032							2.200	+99
PAC									
Notes				* All 5% coupons and not subject to redemption prior to maturity (lock out bonds)				* All 5% coupons and not subject to redemption prior to maturity (lock out bonds)	
Maturity Dates		1/1 and 7/1		4/1 and 10/1		11/1 and 5/1		10/1 and 4/1	
Call Provisions		None		None		None		4/1/30 at par	
Mkt Index		BBI / RBI 2.28% / 2.64%		BBI / RBI 2.28% / 2.64%		BBI / RBI 2.26% / 2.62%		BBI / RBI 2.40% / 2.76%	
Sr Manager		RBC Capital Markets		Barclays		RBC Capital Markets		RBC Capital Markets	

AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date		3/3/21		12/9/20		9/15/20		9/15/20	
Amount		$23,060,000		$16,525,000		$15,630,000		$15,630,000	
Issuer		Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA	
Series		2021 Series A		2020 Series H		2020 Series F		2020 Series F	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		AMT		AMT		AMT		AMT	
Year	Maturity ('21 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021								
1	2022	0.25 / 0.30	+15 / +19	0.250	+12	0.35 / 0.40	+23 / +28	0.35 / 0.40	+23 / +28
2	2023	0.40 / 0.50	+23 / +29	0.30 / 0.375	+17 / +24	0.45 / 0.50	+33 / +37	0.45 / 0.50	+33 / +37
3	2024	0.625 / 0.75	+33 / +41	0.55 / 0.60	+40 / +44	0.65 / 0.70	+52 / +56	0.65 / 0.70	+52 / +56
4	2025	0.85 / 0.875	+42 / +42	0.65 / 0.70	+49 / +52	0.85 / 0.90	+70 / +72	0.85 / 0.90	+70 / +72
5	2026	1.10 / 1.125	+57 / +56	0.80 / 0.85	+62 / +64	1.05 / 1.10	+85 / +87	1.05 / 1.10	+85 / +87
6	2027	1.35 / 1.40	+70 / +68	1.00 / 1.10	+77 / +80	1.25 / 1.35	+96 / +100	1.25 / 1.35	+96 / +100
7	2028	1.55 / 1.60	+76 / +75	1.20 / 1.35	+89 / +96	1.45 / 1.50	+100 / +102	1.45 / 1.50	+100 / +102
8	2029	1.75 / 1.80	+83 / +83	1.45 / 1.50	+102 / +100	1.65 / 1.70	+106 / +109	1.65 / 1.70	+106 / +109
9	2030	1.90 / 1.95	+86 / +87						
10	2031								
11	2032								
PAC									
Notes									
Maturity Dates		1/1 and 7/1		7/1 and 1/1		1/1 and 7/1		1/1 and 7/1	
Call Provisions		None		None		None		None	
Mkt Index		BBI / RBI 2.44% / 2.80%		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.22% / 2.64%		BBI / RBI 2.22% / 2.64%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date		6/9/20		1/23/20	
Amount		$19,300,000		$20,850,000	
Issuer		Minnesota HFA		Minnesota HFA	
Series		2020 Series D		2020 Series A	
Program		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		AMT		AMT	
Year	Maturity ('21 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021			1.050	
1	2022	0.45 / 0.50	+29 / +32	1.10 / 1.15	+26 / +31
2	2023	0.60 / 0.65	+42 / +44	1.25 / 1.30	+40 / +45
3	2024	0.85 / 0.90	+64 / +67	1.350	+50 / +50
4	2025	1.050	+79 / +75	1.450	+59 / +59
5	2026	1.35 / 1.40	+101 / +102	1.550	+69 / +68
6	2027	1.625 / 1.65	+116 / +112	1.65 / 1.70	+74 / +76
7	2028	1.800	+119		
8	2029				
9	2030				
10	2031				
11	2032				
PAC					
Notes					
Maturity Dates		1/1 and 7/1		7/1 and 1/1	
Call Provisions		None		None	
Mkt Index		BBI / RBI 2.16% / 2.58%		BBI / RBI 2.54% / 3.04%	
Sr Manager		RBC Capital Markets		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		9/9/21		9/9/21		9/8/21		8/26/21		8/24/21		8/24/21		8/18/21	
Amount		$134,305,000		$125,000,000		$89,900,000		$162,000,000		$69,000,000		$99,990,000		$294,750,000	
Issuer		Minnesota HFA		Illinois HDA		Massachusetts HFA		North Carolina HFA		Iowa FA		Tennessee HDA		Pennsylvania HFA	
Series		2021 Series F		2021 Series D		Series 222		Series 47		2021 Series D		Issue 2021-2		Series 2021-136	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aaa / - / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aaa / AAA / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('21 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021														
1	2022	0.1250	+6 / +6	0.10 / 0.15	+3 / +7	0.08* / 0.10*	+1 / +2	0.100	+3			0.125	+7	0.08 / 0.10	+3 / +4
2	2023			0.20 / 0.25	+9 / +14	0.14* / 0.16*	+3 / +5	0.15 / 0.20	+5 / +10			0.15 / 0.20	+6 / +11	0.16 / 0.18	+8 / +10
3	2024	0.300	+18	0.30 / 0.35	+16 / +18	0.22* / 0.27*	+7 / +9	0.25 / 0.30	+14 / +15			0.25 / 0.30	+16 / +16	0.24* / 0.30*	+14 / +16
4	2025			0.45 / 0.55	+22 / +26	0.33* / 0.40*	+8 / +10	0.40 / 0.50	+21 / +24			0.40 / 0.50	+23 / +26	0.36* / 0.45*	+16 / +19
5	2026	0.625	+24	0.60 / 0.70	+24 / +29	0.50* / 0.57*	+12 / +15	0.55 / 0.65	+22 / +25			0.60 / 0.625	+29 / +25	0.55* / 0.61*	+20 / +22
6	2027	0.900	+38	0.85 / 1.00	+37 / +45	0.69* / 0.80*	+18 / +23	0.80 / 0.95	+37 / +44	0.69* / 0.79*	+28 / +30	0.80 / 0.95	+39 / +46	0.74* / 0.86*	+29 / +34
7	2028	1.05 / 1.10	+45 / +46	1.10 / 1.15	+48 / +48	0.88* / 0.96*	+25 / +28	1.05 / 1.10	+46 / +47	0.90* / 0.95*	+33 / +34	1.05 / 1.10	+48 / +49	0.99* / 1.07*	+40 / +43
8	2029	1.25 / 1.35	+55 / +60	1.30 / 1.40	+58 / +62	1.06* / 1.45	+32 / +66	1.25 / 1.35	+56 / +61	1.05* / 1.15*	+39 / +44	1.25 / 1.35	+59 / +64	1.14* / 1.22*	+46 / +48
9	2030	1.50 / 1.60	+69 / +75	1.50 / 1.60	+67 / +74	1.55 / 1.60	+70 / +73	1.45 / 1.55	+65 / +71	1.25* / 1.35*	+48 / +54	1.45 / 1.55	+68 / +74	1.31* / 1.38*	+52 / +56
10	2031	1.65 / 1.70	+75 / +77	1.70 / 1.75	+78 / +81	1.65 / 1.70	+72 / +75	1.650	+77 / +74	1.65 / 1.70	+80 / +82	1.700	+85 / +82	1.50* / 1.53*	+63 / +64
11	2032	1.80 / 1.85	+82 / +86	1.85 / 1.90	+86 / +90	1.80 / 1.85	+81 / +84	1.75 / 1.80	+79 / +83	1.80 / 1.85	+87 / +91	1.800	+87 / +86	1.80 / 1.85	+86 / +90
12	2033	1.900	+87 / +86	1.95 / 2.00	+91 / +95	1.90 / 1.95	+86 / +89	1.85 / 1.90	+84 / +88	1.90 / 1.95	+91 / +95	1.90 / 1.95	+91 / +95	1.90 / 1.94	+90 / +93
13	2034														
14	2035														
15	2036	2.000	+84	2.050	+89	2.000	+84	2.000	+86	2.000	+88			2.070	+95
16	2037											2.000	+85		
17	2038									2.100	+91				
18	2039														
19	2040														
20	2041	2.250	+91			2.300	+96	2.300	+97			2.250	+94	2.280	+97
21	2042			2.375	+101										
22	2043					2.375	+98								
23	2044							2.400	+98						
24	2045														
25	2046	2.400	+91									2.375	+92	2.400	+94
26	2047														
27	2048														
28	2049														
29	2050														
30	2051											2.500	+100	2.550	+105
31	2052														
PAC		3.00C/0.90Y	+49 to 5yr	3.00C/0.91Y	+50 to 5yr	3.00C/0.95Y	+48 to 5.5yr	3.00C/0.91Y	+50 to 5yr	3.00C/0.97Y	+48 to 5.8yr	3.00C/0.85Y	+46 to 5yr	3.00C/0.70Y	+45 to 4yr
Notes		7/1/52 PAC bond has 3% coupon priced at 110.186 to yield 0.90% and has an average life of 5.0 years from 100-500% PSA		10/1/51 PAC bond has 3% coupon priced at 110.136 to yield 0.91% and has an average life of 5.0 years from 100-400% PSA		* 6/22-6/29 are 5% cpns not subject to redempt (lock out); 6/51 PAC is 3% cpn at 110.910 to yield 0.95% w/5.5 yr avg life 100-400% PSA		7/1/51 PAC bond has 3% coupon priced at 110.149 to yield 0.91% and has an average life of 5.0 years from 100-400% PSA		* '27-'30 are 5% cpns not subject to redempt (lock out); 7/51 PAC is 3% cpn at 111.343 to yield 0.97% w/5.8 yr avg life 100-400% PSA		1/1/52 PAC bond has 3% coupon priced at 110.465 to yield 0.85% and has an average life of 5.0 years from 100-400% PSA		* '24-'31 are 5% cpns not subject to redempt (lock out); 10/51 PAC is 3% cpn at 109.034 to yield 0.70% w/4.0 yr avg life 75-500% PSA	
Maturity Dates		1/1 and 7/1		4/1 and 10/1		6/1 and 12/1		7/1 and 1/1		1/1 and 7/1		1/1 and 7/1		4/4 and 10/1	
Call Provisions		1/1/31 at par		10/1/30 at par		6/1/30 at par/+adj PAC		7/1/30 at par		1/1/31 at par		7/1/30 at par		10/1/30 at par	
Mkt Index		BBI / RBI 2.15% / 2.50%		BBI / RBI 2.15% / 2.50%		BBI / RBI 2.14% / 2.50%		BBI / RBI 2.14% / 2.50%		BBI / RBI 2.14% / 2.50%		BBI / RBI 2.14% / 2.50%		BBI / RBI 2.14% / 2.50%	
Sr Manager		RBC Capital Markets		J.P. Morgan		Morgan Stanley		Wells Fargo		Morgan Stanley		RBC		BofA	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		8/17/21		8/17/21		8/4/21		7/29/21		7/27/21		7/27/21		7/27/21	
Amount		$99,000,000		$144,590,000		$166,000,000		$177,570,000		$32,000,000		$135,800,000		$150,000,000	
Issuer		Oregon HCSD		Rhode Island HMFC		South Carolina SHFDA		Michigan SHDA		Montana BOH		New Jersey HMFA		Texas DHCA	
Series		2021 Series A		Series 75-A		Series 2021A		2021 Series A		2021 Series B		2021 Series H		2021 Series A	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa2 / - / -		Aa1 / AA+ / -		Aaa / - / -		Aa2 / AA+ / -		Aa1 / AA+ / -		Aa2 / AA / -		Aaa / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year ('21 pricings)	Maturity	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021							0.150							
1	2022	0.070	+1	0.100	+5 / +4	0.100	+5	0.20 / 0.25	+15 / +20	0.10 / 0.15	+5 / +10	0.15 / 0.15*	+10 / +10	0.125	+8
2	2023	0.125 / 0.20	+5 / +12	0.150	+7 / +7	0.15 / 0.20	+10 / +15	0.30 / 0.35	+24 / +28	0.250	+19 / +18	0.20 / 0.30*	+14 / +23	0.15 / 0.20	+10 / +14
3	2024	0.25 / 0.30	+17 / +17	0.25 / 0.30	+15 / +16	0.25 / 0.30	+20 / +20	0.40 / 0.50	+28 / +35	0.35 / 0.40	+23 / +25	0.35 / 0.45*	+25 / +31	0.30 / 0.35	+21 / +21
4	2025	0.40 / 0.50	+24 / +27	0.40 / 0.50	+20 / +24	0.50 / 0.55	+38 / +36	0.65 / 0.70	+44 / +44	0.550	+34 / +29	0.55 / 0.60*	+36 / +36	0.50 / 0.55	+33 / +31
5	2026	0.55 / 0.65	+24 / +27	0.60 / 0.65	+25 / +26	0.60* / 0.65*	+33 / +31	0.80 / 0.90	+45 / +52	0.65 / 0.75	+30 / +37	0.70 / 0.75*	+37 / +38	0.60 / 0.70	+29 / +33
6	2027	0.80 / 0.95	+39 / +46	0.80 / 0.95	+35 / +43	0.75* / 0.80*	+38 / +35	1.00 / 1.10	+55 / +59	0.90 / 1.00	+45 / +49	0.95 / 0.93*	+53 / +44	0.75* / 0.82*	+34 / +34
7	2028	1.05 / 1.10	+48 / +49	1.05 / 1.10	+46 / +46	1.05* / 1.10*	+52 / +53	1.25 / 1.375	+69 / +77	1.10 / 1.20	+54 / +59	0.98* / 1.10*	+43 / +51	0.90* / 0.97*	+36 / +38
8	2029	1.20 / 1.35	+54 / +64	1.25 / 1.35	+57 / +61	1.30* / 1.35*	+69 / +69	1.50 / 1.60	+85 / +90	1.35 / 1.40	+70 / +70	1.23* / 1.33*	+60 / +65	1.15* / 1.21*	+52 / +53
9	2030	1.45 / 1.55	+68 / +74	1.45 / 1.55	+66 / +73	1.50* / 1.55*	+78 / +79	1.70 / 1.75	+94 / +97	1.50 / 1.55	+74 / +77	1.38* / 1.60	+64 / +83	1.55 / 1.60	+81 / +83
10	2031	1.70 / 1.75	+85 / +87	1.70 / 1.75	+83 / +86	1.60 / 1.65	+81 / +83	1.80 / 1.85	+98 / +101	1.60 / 1.65	+78 / +81	1.70 / 1.75	+89 / +92	1.65 / 1.70	+85 / +87
11	2032	1.80 / 1.85	+87 / +91	1.80 / 1.85	+86 / +90	1.750	+89 / +88			1.70 / 1.75	+83 / +86	1.800	+93 / +92	1.750	+89 / +87
12	2033	1.90 / 1.95	+91 / +95	1.90 / 1.95	+90 / +94					1.800	+89 / +87	1.850	+94 / +93	1.800	+90 / +88
13	2034														
14	2035														
15	2036	2.050	+93	2.050	+93	1.850	+83	1.950	+93	1.850	+85	1.900	+90	1.850	+85
16	2037														
17	2038														
18	2039														
19	2040														
20	2041	2.250	+94	2.250	+94	2.050	+86	2.150	+96	2.000	+85	2.150	+100	2.050	+90
21	2042														
22	2043														
23	2044			2.350	+95										
24	2045	2.375	+95												
25	2046					2.250	+91	2.350	+101	2.200	+90	2.300	+100	2.220	+92
26	2047														
27	2048														
28	2049														
29	2050														
30	2051									2.300	+95			2.320	+97
31	2052														
PAC		3.00C/0.86Y	+48 to 5yr	3.00C/0.87Y	+48 to 5yr	3.00C/0.83Y	+48 to 5yr	3.00C/0.86Y	+50 to 5yr	3.00C/0.82Y	+46 to 5yr	3.00C/0.97Y	+50 to 6yr	3.00C/0.85Y	+44 to 5.5yr
Notes		7/1/52 PAC bond has 3% coupon priced at 110.412 to yield 0.86% and has an average life of 5.0 years from 100-400% PSA		10/1/51 PAC bond has 3% coupon priced at 110.350 to yield 0.87% and has an average life of 5.0 years from 100-500% PSA		* '26-'30 are 5% cpns not subject to redempt (lock out); 1/52 PAC is 3% cpn at 110.602 to yield 0.83% w/5.0 yr avg life 100-400% PSA		6/1/52 PAC bond has 3% coupon priced at 110.403 to yield 0.86% and has an average life of 5.0 years from 75-500% PSA		12/1/51 PAC bond has 3% coupon priced at 110.620 to yield 0.82% and has an average life of 5.0 years from 100-500% PSA		* 10/22,23,24,25,26 are 4% cpns and 10/27-4/30 are 5% cpns; 9/50 PAC is 3% cpn at 111.733 to yield 0.97% w/6.0 yr avg life 100-300% PSA		* '27-'29 5% cpns, 9/46 2.25% cpn, 9/51 2.35% cpn; 3/52 PAC is 3% cpn at 111.478 to yld 0.85% w/5.5 yr avg life 100-400% PSA	
Maturity Dates		7/1 and 1/1		4/1 and 10/1		7/1 and 1/1		12/1 and 6/1		6/1 and 12/1		4/1 and 10/1		9/1 and 3/1	
Call Provisions		7/1/30 at par		4/1/30 at par/+adj PAC		7/1/30 at par		12/1/30 at par		12/1/30 at par		10/1/30 at par		3/1/30 at par/102.159 PAC	
Mkt Index		BBI / RBI 2.14% / 2.50%		BBI / RBI 2.14% / 2.50%		BBI / RBI 2.04% / 2.40%		BBI / RBI 2.04% / 2.40%		BBI / RBI 2.03% / 2.39%		BBI / RBI 2.03% / 2.39%		BBI / RBI 2.03% / 2.39%	
Sr Manager		BofA		Morgan Stanley		Citigroup		Barclays		RBC Capital Markets		Jefferies		Barclays	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		7/22/21		7/21/21		7/20/21		7/20/21		7/15/21		7/14/21		7/8/21	
Amount		$65,000,000		$140,000,000		$36,230,000		$170,000,000		$40,000,000		$119,285,000		$100,000,000	
Issuer		Missouri HDC		Florida HFC		Colorado HFA		Maryland DHCD		Maine SHA		South Dakota HDA		New Mexico MFA	
Series		2021 Series B		2021 Series 2		2021 Series H		2021 Series B		2021 Series C		2021 Series B		2021 Series C	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		- / AA+ / -		Aaa / - / -		Aaa / AAA / -		Aa1 / - / AA		Aa1 / AA+ / -		Aaa / AAA / -		Aaa / - / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('21 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021											0.100			
1	2022	0.10 / 0.15	+5 / +9					0.125 / 0.15	+8 / +9	0.150	+7	0.125 / 0.20	+6 / +12	0.200	+12
2	2023	0.20 / 0.25	+13 / +15	0.20 / 0.25	+13 / +15			0.20 / 0.25	+12 / +14	0.300	+17	0.25 / 0.30	+15 / +17	0.250	+16 / +13
3	2024	0.30 / 0.40	+16 / +22	0.35 / 0.40	+23 / +22	0.450	+24	0.35 / 0.40	+21 / +20	0.450	+23	0.40 / 0.45	+23 / +23	0.375 / 0.45	+24 / +25
4	2025	0.50 / 0.55	+27 / +27	0.50 / 0.55	+30 / +28	0.50 / 0.55	+23 / +23	0.50 / 0.55	+26 / +24	0.600	+27	0.50 / 0.55	+22 / +22	0.55 / 0.60	+31 / +29
5	2026	0.65 / 0.75	+30 / +36	0.60 / 0.70	+29 / +33	0.65 / 0.75	+28 / +34	0.65 / 0.75	+30 / +35	0.850	+43	0.65 / 0.75	+27 / +33	0.70 / 0.80	+35 / +39
6	2027	0.90 / 1.00	+45 / +49	0.85 / 0.95	+46 / +48	0.90 / 1.00	+43 / +47	0.90 / 1.00	+46 / +49	1.000	+44	0.95 / 1.00	+45 / +44	0.95 / 1.05	+51 / +53
7	2028	1.05 / 1.15	+49 / +54	1.05 / 1.15	+51 / +57	1.10 / 1.20	+54 / +59	1.10 / 1.20	+55 / +60	1.200	+56	1.10 / 1.20	+51 / +56	1.15 / 1.25	+58 / +64
8	2029	1.30 / 1.35	+65 / +65	1.35 / 1.40	+73 / +73	1.30 / 1.40	+65 / +70	1.35 / 1.40	+71 / +71	1.400	+67	1.35 / 1.40	+67 / +67	1.35 / 1.45	+70 / +75
9	2030	1.45 / 1.50	+69 / +71	1.50 / 1.55	+77 / +78	1.50 / 1.55	+76 / +78	1.50 / 1.55	+77 / +79	1.550	+75	1.50 / 1.55	+73 / +75	1.50 / 1.55	+76 / +77
10	2031	1.60 / 1.65	+78 / +80	1.60 / 1.65	+80 / +82	1.60 / 1.65	+80 / +82	1.60 / 1.65	+81 / +83	1.650	+79	1.60 / 1.65	+77 / +79	1.60 / 1.625	+79 / +79
11	2032	1.700	+82 / +80	1.700	+83	1.700	+84 / +82	1.70 / 1.75	+85 / +88	1.750	+84	1.70 / 1.75	+81 / +84	1.70 / 1.75	+82 / +86
12	2033	1.750	+83 / +81	1.750	+83	1.750	+86 / +84	1.800	+92 / +90	1.800	+86	1.80 / 1.85	+88 / +91	1.80 / 1.85	+89 / +93
13	2034														
14	2035														
15	2036	1.800	+79	1.800	+79	1.800	+82	1.875	+90	1.900	+89	1.850	+84	1.875	+87
16	2037														
17	2038														
18	2039														
19	2040														
20	2041	2.000	+84	2.050	+89			2.100	+98	2.150	+100	2.050	+90	2.100	+95
21	2042					2.000	+85								
22	2043							2.150	+97						
23	2044														
24	2045														
25	2046	2.200	+89	2.200	+89					2.300	+100			2.250	+97
26	2047														
27	2048														
28	2049														
29	2050														
30	2051	2.300	+94											2.350	+102
31	2052														
PAC		3.00C/0.84Y	+45 to 4.9yr	3.00C/0.83Y	+45 to 5.1yr	3.00C/0.85Y	+46 to 5yr	3.00C/0.83Y	+44 to 5yr			3.00C/0.86Y	+46 to 5yr	3.00C/0.86Y	+45 to 5yr
Notes		5/1/52 PAC bond has 3% coupon priced at 110.263 to yield 0.84% and has an average life of 4.9 years from 100-400% PSA		7/1/52 PAC bond has 3% coupon priced at 110.758 to yield 0.83% and has an average life of 5.10 years from 100-400% PSA		11/1/51 PAC bond has 3% coupon priced at 110.425 to yield 0.85% and has an average life of 5 years from 100-400% PSA		9/1/51 PAC bond has 3% coupon priced at 110.56 to yield 0.83% and has an average life of 5 years from 100-400% PSA				11/1/51 PAC bond has 3% coupon priced at 110.406 to yield 0.86% and has an average life of 5 years from 100-400% PSA		1/1/52 PAC bond has 3% coupon priced at 110.393 to yield 0.86% and has an average life of 5 years from 100-400% PSA	
Maturity Dates		5/1 and 11/1		1/1 and 7/1		11/1 and 5/1		3/1 and 9/1		11/15		11/1 and 5/1		7/1 and 1/1	
Call Provisions		5/1/30 at par		7/1/30 at par		5/1/30 at par		3/1/30 at par		11/15/30 at par		5/1/30 at par		7/1/30 at par	
Mkt Index		BBI / RBI 2.03% / 2.39%		BBI / RBI 2.04% / 2.40%		BBI / RBI 2.04% / 2.40%		BBI / RBI 2.04% / 2.40%		BBI / RBI 2.04% / 2.40%		BBI / RBI 2.04% / 2.40%		BBI / RBI 2.04% / 2.40%	
Sr Manager		Stifel		RBC Capital Markets		Jefferies		BofA		Barclays		Wells Fargo		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		6/30/21		6/30/21		6/10/21		6/9/21		6/9/21		6/8/21		5/19/21	
Amount		$129,270,000		$149,765,000		$41,750,000		$97,095,000		$22,750,000		$125,000,000		$154,145,000	
Issuer		Nebraska IFA		SONYMA		Nevada HD		Mississippi HC		Montgomery Co. HOC (MD)		Illinois HDA		Minnesota HFA	
Series		2021 Series C		Series 233		Series 2021A		Series 2021B		2021 Series A		2021 Series B		2021 Series D	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		- / AA+ / -		Aa1 / - / -		- / AA+ / -		Aaa / - / -		Aa2 / - / -		Aaa / - / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year ('21 pricings)	Maturity	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021							0.10*				0.100			
1	2022	0.15* / 0.18*	+4 / +5			0.200	+14	0.10* / 0.12*	+4 / +6			0.15 / 0.20	+9 / +14	0.15 / 0.20	+6 / +10
2	2023	0.28* / 0.31*	+13 / +13			0.300	+20	0.16* / 0.19*	+7 / +7			0.25 / 0.35	+17 / +24		
3	2024	0.38* / 0.44*	+17 / +17			0.400	+21	0.30* / 0.35*	+12 / +12			0.40 / 0.45	+22 / +22		
4	2025	0.53* / 0.60*	+21 / +21			0.600	+29	0.48* / 0.53*	+18 / +18			0.50 / 0.55	+19 / +19		
5	2026	0.70* / 0.75*	+24 / +24			0.70 / 0.75	+32 / +33	0.59* / 0.62*	+19 / +19			0.70 / 0.75	+29 / +30		
6	2027	0.82* / 0.91*	+26 / +28			0.950	+40	0.78* / 0.84*	+27 / +27	0.85 / 0.95	+41 / +43	0.85 / 0.95	+32 / +35	0.95 / 1.05	+39 / +41
7	2028	0.98* / 1.06*	+31 / +34	1.350	+62	1.200	+54	0.94* / 1.00*	+32 / +32	1.200	+57	1.05 / 1.20	+40 / +49	1.20 / 1.30	+50 / +54
8	2029	1.15* / 1.22*	+36 / +38	1.45 / 1.55	+66 / +71	1.400	+64	1.30 / 1.40	+57 / +62	1.30 / 1.40	+61 / +66	1.30 / 1.40	+54 / +59	1.40 / 1.50	+59 / +64
9	2030	1.55 / 1.65	+65 / +72	1.65 / 1.75	+75 / +82	1.600	+75	1.50 / 1.55	+66 / +69	1.50 / 1.55	+70 / +71	1.50 / 1.55	+63 / +65	1.60 / 1.65	+68 / +69
10	2031	1.70 / 1.75	+73 / +75	1.85 / 1.90	+87 / +90			1.60 / 1.65	+71 / +74	1.70 / 1.75	+84 / +86	1.65 / 1.70	+72 / +75	1.80 / 1.85	+82 / +83
11	2032	1.85 / 1.90	+81 / +84	1.95 / 2.00	+90 / +94			1.75 / 1.80	+83 / +86	1.80 / 1.85	+89 / +93	1.75 / 1.80	+78 / +82	1.95 / 2.00	+91 / +94
12	2033	1.95 / 2.00	+88 / +91	2.050	+97 / +96	1.850	+89	1.85 / 1.875	+90 / +91	1.875 / 1.90	+94 / +95	1.85 / 1.875	+85 / +87		
13	2034														
14	2035									2.000	+99				
15	2036	2.100	+93	2.200	+103	2.000	+96	1.920	+88			1.950	+86	2.019	+83
16	2037														
17	2038														
18	2039														
19	2040														
20	2041	2.300	+98			2.200	+100	2.100	+90			2.150	+90	2.200	+81
21	2042														
22	2043														
23	2044														
24	2045														
25	2046					2.350	+101							2.375	+85
26	2047														
27	2048														
28	2049														
29	2050														
30	2051					2.450	+106								
31	2052													2.450	+87 to 30yr
PAC		3.00C/0.96Y	+46 to 5yr	3.00C/0.96Y	+48 to 4.8yr	3.00C/0.85Y	+45 to 5yr	3.00C/0.86Y	+45 to 5yr	3.00C/0.90Y	+50 to 5yr	3.00C/0.87Y	+44 to 5yr	3.00C/0.95Y	+45 to 5yr
Notes		* '22-'29 are 5% cpns not subject to redempt (lock out); 9/50 PAC is 3% cpn at 109.877 to yield 0.96% w/5.0 yr avg life 100-400% PSA		10/1/45 PAC bond has 3% coupon priced at 109.491 to yield 0.96% and has an average life of 4.8 years from 60-500% PSA		4/1/51 PAC bond has 3% coupon priced at 110.429 to yield 0.85% and has an average life of 5 years from 100-400% PSA		* '21-'28 are 5% cpns no redmp (lock out); '36 is 1.9% cpn; 6/51 PAC is 3% cpn at 110.404 to yield 0.86% w/5 yr avg life 100-500% PSA		4/1/51 PAC bond has 3% coupon priced at 110.183 to yield 0.90% and has an average life of 5 years from 100-400% PSA		4/1/51 PAC bond has 3% coupon priced at 110.342 to yield 0.87% and has an average life of 5 years from 100-400% PSA		7/1/36 is 2% coupon; 1/1/52 PAC is 3% coupon at 109.938 to yield 0.95% with 5 year avg. life 100-500% PSA	
Maturity Dates		3/1 and 9/1		10/1 and 4/1		10/1 + 4/1/26, 4/1/51		12/1 and 6/1		1/1 and 7/1		10/1 and 4/1		1/1 and 7/1	
Call Provisions		9/1/30 at par/101.873 PAC		4/1/30 at par		10/1/30 at par/101.07 PAC		12/1/30 at par		7/1/30 at par		4/1/30 at par/+adj PAC		7/1/30 at par	
Mkt Index		BBI / RBI 2.16% / 2.53%		BBI / RBI 2.16% / 2.53%		BBI / RBI 2.07% / 2.43%		BBI / RBI 2.18% / 2.54%		BBI / RBI 2.18% / 2.54%		BBI / RBI 2.18% / 2.54%		BBI / RBI 2.28% / 2.64%	
Sr Manager		J.P. Morgan		Barclays		J.P. Morgan		Raymond James		BofA		Jefferies		RBC Capital Markets	

NON-AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 3 MONTHS PLUS EARLIER MHFA

Pricing Date		3/3/21		12/9/20		9/15/20		6/9/20		1/23/20	
Amount		$101,940,000		$108,475,000		$109,370,000		$130,700,000		$149,150,000	
Issuer		Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA		Minnesota HFA	
Series		2021 Series B		2020 Series I		2020 Series G		2020 Series E		2020 Series B	
Program		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -		Aa1 / AA+ / -	
Tax Status		Non-AMT		Non-AMT		Non-AMT		Non-AMT		Non-AMT	
Year	Maturity ('21 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0	2021									0.950	
1	2022	0.150	+5	0.150	+2	0.250	+13	0.30 / 0.35	+14 / +17	0.950	+11
2	2023			0.200	+7			0.400	+22		
3	2024					0.450	+32				
4	2025	0.600	+14								
5	2026	0.800	+27					1.200	+82		
6	2027							1.40 / 1.45	+93 / +92	1.450	+51
7	2028							1.55 / 1.60	+94 / +96	1.55 / 1.60	+55 / +58
8	2029			1.150	+65	1.450	+84	1.750	+105 / +102	1.65 / 1.70	+56 / +58
9	2030	1.650	+57	1.30 / 1.35	+74 / +74	1.50 / 1.55	+78 / +82	1.85 / 1.90	+107 / +111	1.75 / 1.80	+58 / +61
10	2031	1.80 / 1.85	+67 / +68	1.45 / 1.55	+81 / +86	1.70 / 1.75	+89 / +92	1.95 / 2.00	+109 / +112	1.85 / 1.90	+60 / +62
11	2032	1.950	+76 / +73	1.700	+97 / +92	1.80 / 1.85	+93 / +94	2.050	+112 / +108	2.000	+68 / +66
12	2033	2.00 / 2.05	+76 / +78	1.75 / 1.80	+95 / +96	1.950	+100 / +96	2.15 / 2.20	+112 / +113	2.100	+74 / +72
13	2034										
14	2035										
15	2036	2.100	+70	1.875	+90	2.100	+93	2.250	+99	2.400	+88
16	2037										
17	2038										
18	2039										
19	2040										
20	2041	2.300	+70	2.000	+82	2.300	+92	2.500	+103	2.625	+92
21	2042										
22	2043										
23	2044										
24	2045							2.700	+109	2.800	+97
25	2046	2.450	+70	2.150	+80	2.450	+92				
26	2047										
27	2048										
28	2049										
29	2050										
30	2051	2.500	+70								
31	2052			2.200	+85 to 30yr	2.550	+97 to 30yr				
PAC		3.00C/1.04Y	+49 to 5yr	3.00C/0.84Y	+61 to 5yr	3.00C/0.98Y	+74 to 5yr	3.50C/1.43Y	+105 to 5yr	3.50C/1.46Y	+60 to 5yr
Notes		7/1/51 PAC bond has 3% coupon priced at 109.469 to yield 1.04% and has an average life of 5 years from 100-500% PSA		1/1/51 PAC bond has 3% coupon priced at 110.52 to yield 0.84% and has an average life of 5 years from 100-500% PSA		1/1/51 PAC bond has 3.00% coupon priced at 109.905 to yield 0.98% and has an average life of 5 years from 100-500% PSA		7/1/50 PAC bond has 3.50% coupon priced at 109.871 to yield 1.43% and has an average life of 5 years from 100-500% PSA		7/1/50 PAC bond has 3.50% coupon priced at 109.724 to yield 1.46% and has an average life of 5 years from 100-500% PSA	
Maturity Dates		1/1 and 7/1		7/1 and 1/1		1/1 and 7/1		1/1 and 7/1		7/1 and 1/1	
Call Provisions		7/1/30 at par		1/1/30 at par		1/1/30 at par		7/1/29 at par		7/1/29 at par	
Mkt Index		BBI / RBI 2.44% / 2.80%		BBI / RBI 2.13% / 2.58%		BBI / RBI 2.22% / 2.64%		BBI / RBI 2.16% / 2.58%		BBI / RBI 2.54% / 3.04%	
Sr Manager		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

CSG | advisors

KESTREL VERIFIERS™

Second Party Opinion

EXECUTIVE SUMMARY

ISSUER
Minnesota Housing Finance Agency

OPINION ON
Residential Housing Finance Bonds, 2021 Series E (Social Bonds)
Residential Housing Finance Bonds, 2021 Series F (Social Bonds)

SOCIAL STANDARD AND CATEGORIES

The Social Bond Principles

- Affordable Housing
- Access to Essential Services
- Socioeconomic Advancement and Empowerment

TARGET POPULATIONS
Low- and moderate-income persons living in Minnesota

EVALUATION DATE
August 23, 2021

SUMMARY
Kestrel Verifiers is of the opinion that the Residential Housing Finance Bonds, 2021 Series E (Social Bonds) and 2021 Series F (Social Bonds) conform with the four core components of the Social Bond Principles 2021 as follows:

- **Use of Proceeds**
  The Minnesota Housing Finance Agency ("Agency" or "MHFA") intends to issue Social Bonds to finance acquisition of Program Securities backed by single-family mortgage loans (the "Program Loans") through MHFA's Start Up Program, to finance closing cost and down payment assistance loans ("DPA Loans"), and to pay costs of issuance. Eligibility requirements for loan recipients include income limits to help ensure programs serve only low- and moderate-income households, and the borrower must be a first-time homebuyer. The Series Bonds align with three eligible project categories under the Social Bond Principles.
- **Process for Project Evaluation and Selection**
  MHFA's Strategic Plan (2020-2022), Start Up Program Procedural Manual, and fair housing compliance procedures inform MHFA's process and decision making regarding Program Loans. Eligibility criteria for borrowers are confirmed in several ways, to ensure that financing activities support low- and moderate-income households.
- **Management of Proceeds**
  Before purchasing DPA Loans and Program Securities backed by Program Loans for low- and moderate-income households, proceeds will be held in a subaccount of MHFA's Acquisition Account. Proceeds may temporarily be invested in conservative permitted Investment Obligations as defined in the Bond Resolution.
- **Reporting**
  MHFA intends to voluntarily prepare an update report on the allocation of proceeds and benefitting target populations after all bond proceeds have been allocated. MHFA commits to posting this report to the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access (EMMA) system.
- **Impact and Alignment with United Nation Sustainable Development Goals**
  By increasing access to financial services that enable vulnerable populations to own property, MHFA's Program Loans support UN Sustainable Development Goals 1: No Poverty, 8: Decent Work and Economic Growth, 10: Reduced Inequalities, and 11: Sustainable Cities and Communities.

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Second Party Opinion

Issuer:	**Minnesota Housing Finance Agency**
Issue Description:	Residential Housing Finance Bonds, 2021 Series E (Social Bonds) Residential Housing Finance Bonds, 2021 Series F (Social Bonds)
Project:	Single Family Homeownership
Social Standard:	Social Bond Principles (2021)
Social Categories:	Affordable Housing Access to Essential Services Socioeconomic Advancement and Empowerment
Target Populations:	Low- and moderate-income persons living in Minnesota
Par:	$150,000,000*
Evaluation Date:	August 23, 2021

*Preliminary, subject to change

SOCIAL BONDS DESIGNATION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of these bonds to evaluate conformance with the Social Bond Principles (June 2021) established by the International Capital Market Association.

This Second Party Opinion reflects our review of the uses of proceeds and conformance of the bonds with the Social Bond Principles. In our opinion, the Residential Housing Finance Bonds, 2021 Series E and 2021 Series F ("Series Bonds") are aligned with the four core components of the Social Bond Principles and qualify for Social Bonds designation.

ABOUT THE ISSUER

Minnesota Housing Finance Agency ("Agency" or "MHFA"), created in 1971, is Minnesota's statewide housing finance agency with a primary purpose to provide safe, decent and affordable housing across the state. MHFA's mission is to promote and support successful, sustainable homeownership for families, individuals, and communities. In 2020, the Agency served approximately 73,000 low-income households through (i) mortgage, down payment and closing cost assistance loans, (ii) pre- and post-purchase counseling education and coaching, (iii) home improvement loans, (iv) federal project-based rental assistance, and (v) construction, rehabilitation, development, and refinancing of rental housing, multifamily housing, and single family housing.

MHFA's programs have positive impacts on many households in Minnesota. According to the Agency's 2020 Program Assessment, in 2020, MHFA:

- Provided homebuyer education, counseling, and coaching to over 24,000 individuals
- Provided mortgage loans to 5,667 households
- Provided 34% of first-time homebuyer loans to Black, Indigenous, and people of color households (compared to the statewide average of 17%)
- Supported nearly 28,000 households with rental assistance and contract management

- Supported low-income homebuyers and renters (74% of renters had annual incomes less than $20,000 and 49% of homebuyers had annual incomes less than $60,000)

MHFA is committed supporting disadvantaged, underserved, and disinvested communities throughout Minnesota. According to MHFA's analysis of data from the US Census Bureau's 2019 American Community Survey, as cited in MHFA's 2020 Program Assessment Report, while Minnesota has one of the highest rates of homeownership in the US, it also has one of the highest disparities in homeownership for Black, Indigenous, persons of color households (BIPOC), compared to non-Hispanic white households.[1] MHFA acknowledges this disparity and seeks to create a more equitable and inclusive housing system by prioritizing:

- Programs related to Down Payment Assistance and closing costs;
- Targeted outreach to Tribal Nations, Indigenous communities, communities with job growth but limited housing supply, and historically disinvested communities in the Metro Area and Greater Minnesota;
- Strategic partnerships with nonprofit and community organizations to promote collaborative initiatives, such as the Enhanced Home Ownership Capacity Initiative (discussed below).
- Diversity and cultural competency initiatives such as hiring more employees from communities most impacted by housing disparities and pursuing a minimum 75% retention rate of employees who identify as BIPOC, individuals with disabilities, and veterans;
- Working with families experiencing systemic barriers to homeownership, such as poor credit, criminal histories, evictions, racial identity and more, and identifying and implementing solutions to support equitable access to housing;
- Setting and reaching lending goals to BIPOC households;
- Bilingual services;
- Engagement in inter-agency governmental initiatives to mitigate displacement, homelessness, and environmental injustices.

In addition to providing affordable housing across the state, MHFA provides leadership to the affordable housing industry through programming and involvement in national coalitions. MHFA is part of the National Council of State Housing agencies and provides leadership for the Homeownership Opportunity Alliance, an industry-wide coalition to increase homeownership for BIPOC households. MHFA has also established several grantmaking programs, and annually administers approximately $10 to $12 million in grant funds. These programs include, but are not limited to:

- Family Homeless Prevention and Assistance Program
- Rental Assistance Program
- Homework Starts from Home
- COVID-19 Housing Assistance Program (closed as of August 2021)

ALIGNMENT TO SOCIAL STANDARDS

Social Bonds are any type of bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Social Projects and which are aligned with the four core components of the Social Bond Principles (International Capital Market Association definition).

Use of Proceeds

Proceeds of the Series Bonds will finance mortgage loans for low- and moderate-income first-time homebuyers ("Program Loans") through the purchase of Program Securities backed by Program Loans. Proceeds will also pay for costs of issuance and to finance closing cost and down payment assistance loans

[1] "2020 Program Assessment Report," Minnesota Housing Finance Agency, accessed August 25, 2021, https://www.mnhousing.gov/sites/np/np/reports.

("DPA Loans"). The Series Bonds align with three Social Project categories identified in the Social Bond Principles: *Affordable Housing*, *Access to Essential Services,* and *Socioeconomic Advancement and Empowerment*.

Social Standard

The Social Bond Principles

Eligible Project Categories:

- Affordable Housing
- Access to Essential Services
- Socioeconomic Advancement and Empowerment

Homeownership is a vehicle for building wealth, financial stability, and economic opportunity that can transcend generations. Instead of paying rent to a third party, homeowners build equity. Owning a home has more predictable housing costs over time and can increase financial stability. Ownership can also reduce disruptions associated with rent instability and changes to a rental property that are out of a family's control. Housing wealth (equity) is also a key component of retirement resources for many families because lower housing costs after the mortgage is paid off makes it possible to subsist on the lower income associated with retirement.

While MHFA operates multiple programs that support homebuyers, the Series Bonds will finance loans under the Start Up Program for first-time homebuyers. Program Loans that are part of the Start Up Program are made on a continuing basis through qualifying MHFA-approved originating agents, or lenders. Homebuyers work directly with lenders to receive loans through MHFA's single-family programs. Improving access to financing for eligible borrowers increases access to an essential service and promotes social equity. Without MHFA's programs, certain individuals in the State of Minnesota may not be able to achieve homeownership.

<u>Homebuyer Education and Support</u>

MHFA views homeownership as a journey, and offers education and supporting programming for homebuyers at multiple stages of the process. Partnerships with nonprofits around the state increase access to programs which aim to reach marginalized groups. The Enhanced Homeownership Capacity Program ("EHC Program") targets individuals in the early stages of homebuying and offers support in budgeting, navigating banking systems, and helping an individual identify their needs. The EHC Program primarily serves BIPOC households (82.9%). MHFA partners with the Minnesota Homeownership Center to offer courses for first-time homebuyers, such as Home Stretch, an online or in-person program, and Framework, a fully online program. Lenders also provide information directly to borrowers. The courses help prepare borrowers for the homebuying process and ongoing responsibilities of homeownership.

Many families and individuals are unable to purchase a home due to the major expense of a down payment and closing costs. To alleviate this barrier, the Agency offers three types of down payment assistance (DPA) which are each tailored to the needs of diverse groups of homebuyers:

DPA Program	Description	Financed by Series Bonds
Monthly Payment Loans	Provide up to $17,000 in assistance and may be coupled with MHFA's Start Up Program or other single-family mortgage programs.	No
Deferred Payment Loans	Provide a maximum of $11,000 of assistance and may be coupled with Start Up Program Loans.	Yes
Deferred Payment Loans Plus	Provide up to $15,000 in assistance and a borrower must meet additional targetting criteria.	Yes

The majority of loans in the Agency's Start Up Program are coupled with DPA, as illustrated in Tables 1 and 2, and the Series Bonds will finance DPA through the Deferred Payment Loans and the Deferred Payment Loans Plus programs. DPA associated with the Program Loans is expected to be similar to previously financed groups of loans (Tables 1 and 2).

MHFA supports fair lending and is committed to helping households achieve sustainable homeownership. MHFA requires all participating lenders to comply with nondiscrimination and fair housing laws. MHFA directly serves Target Populations in Targeted Areas, as defined below:

Target Population
The Series Bonds benefit low- and moderate-income individuals and families in Minnesota who are pursuing homeownership. The maximum eligible income is between 100% and 115% of the Area Median Income (AMI). The distribution of income bands for borrowers of the Program Loans is expected to be similar to previously financed groups of loans in the Start Up Program as illustrated in Table 3. The Program Loans are also expected to benefit minority populations who are historically under-represented as homeowners. The Program Loans and DPA Loans may also benefit borrowers with disabilities, borrowers who care for individuals with disabilities, as well as households in lower income areas and areas of chronic economic distress.

Targeted Area
The Program Loans may be made to households in Targeted Areas. A Targeted Area is defined as (i) a census tract in which 70% of families have incomes less than 80% of the statewide median family income or (ii) an area of chronic economic distress. The designation of an area of chronic economic distress may change over time and is based on several factors including housing demand, demand for financing, area income levels, and/or unemployment rates. An entire county or a smaller area within a county may be designated as a Targeted Area.

Table 1. Deferred Payment Loans for participants in the Start Up Program (1/1/2019-08/29/2021)

Total DPA Provided ($)	$57,862,301
Total DPA Provided (# of Loans)	6,819
Percent of Borrowers Receiving DPA	62.77%
Average DPA Provided per Borrower	$8,485
Average DPA Provided (% of Purchase Price)	4.99%

Table 2. Deferred Payment Loans Plus for participants in the Start Up Program (1/1/2019-08/29/2021)

Total DPA Provided ($)	$16,943,397
Total DPA Provided (# of Loans)	1,492
Percent of Borrowers Receiving DPA	13.73%
Average DPA Provided per Borrower	$11,356
Average DPA Provided (% of Purchase Price)	5.29%

Table 3. Income bands for typical first-time homebuyer program loans in the Start Up Program that were purchased, typically after securitization into mortgage backed securities, by Minnesota Housing 1/1/2019-8/29/2021, regardless of ultimate financing (bond financed, held for future bond financing, held as long-term investment, sold).[2]

[2] AMI percentages based on household income used to determine eligibility for tax-exempt bond financing. Three geographic areas used to determine income limits, as percent of AMI, for program eligibility: 11-county Twin Cities, Dodge and Olmstead counties, greater Minnesota. To populate the table for all years (2019, 2020, 2021), the AMIs were based on the current program income limits effective 5/3/2021, which are identified in the "Qualified Borrowers" section of the official statement with respect to the Bonds. Percent of Proceeds columns may not total to 100% due to rounding.

	2019 CY		2020 CY		2021 YTD (1/1/2021-8/29/2021)	
AMI Band	$ of Loans ($MM)	% of Proceeds	$ of Loans ($MM)	% of Proceeds	$ of Loans ($MM)	% of Proceeds
<50%	1,462	36%	1,446	35%	929	35%
50% - 59%	900	22%	949	23%	515	20%
60% - 69%	743	18%	815	20%	491	19%
70% - 79%	461	11%	481	12%	315	12%
80% - 89%	311	8%	260	6%	228	9%
90% - 99%	135	3%	164	4%	102	4%
100%+	42	1%	63	2%	51	2%
Total	4,054	100%	4,178	100%	2,631	100%

It is expected that the Program Loans will have a similar income distribution.

Process for Project Evaluation and Selection

MHFA's Strategic Plan (2020-2022), Start Up Program Procedural Manual, and fair housing compliance procedures inform MHFA's process and decision making regarding the financing of Program Loans.

The Agency-wide Strategic Plan (2020-2022) establishes annual lending goals and strategies to advance primary objectives, including making homeownership more accessible, addressing homeownership barriers, and reducing racial and ethnic housing disparities.[3] The Walz-Flanagan Administration's One Minnesota Plan, which includes guiding principles to achieve affordable and stable housing throughout the state, influenced the focus and the five strategic objectives of the Strategic Plan (2020-2022), which are: *Improve the Housing System, Preserve and Create Housing Opportunities, Make Homeownership More Accessible, Support People Needing Services,* and *Strengthen Communities.*

As part of the Start Up Program, all Program Loans to be financed through the Series Bonds have undergone screening and review processes that are outlined in MHFA's Start Up Program Procedural Manual. Borrowers receiving Program Loans must meet eligibility criteria as outlined in the Start Up Program Procedural Manual and the Internal Revenue Service Code. Requirements include:

- Borrower must be a first-time homebuyer
- Borrower's income must meet income limits (very low-, low-, or moderate-income)
- Purchased home must not exceed purchase price limits

Legal requirements and compliance procedures ensure that activities financed by the Series Bonds will benefit low- and moderate-income households that otherwise may not have access to homeownership. MHFA takes several steps to review and confirm alignment of loans with eligibility criteria and compliance with fair housing laws. The Agency provides training, support, procedures, and guidance for lenders to accurately identify borrowers that meet the Start Up Program criteria. Once a loan is submitted into an online commitment system, it undergoes an automated eligibility screening. After Program Loans are acquired by MHFA's master servicer, a quality control division performs monthly 10% audit checks and additional targeted audits. Through these steps, multiple eligibility criteria are confirmed, including employment verification, income levels, and other factors that verify the Series Bonds are financing activities that directly support low- and moderate-income households.

Management of Proceeds

Bond proceeds shall solely be used to finance acquisition of Program Securities backed by Program Loans and to finance DPA Loans, and to pay costs of issuance. Proceeds will be held in a subaccount of MHFA's

[3] "Go Big So Everyone Can Go Home: 2020-2022 Strategic Plan," Minnesota Housing Finance Agency, accessed August 25, 2021, https://www.mnhousing.gov/sites/np/plans.

Acquisition Account prior to allocation to eligible activities. The Accounting Department oversees the disbursement of proceeds from the subaccount. It is expected that a portion of the Series Bond proceeds will be expended immediately upon closing and the remaining funds will be expended within a few months of closing.

Proceeds may temporarily be invested in conservative permitted Investment Obligations as defined in the Bond Resolution. Allowable Investment Obligations include, but are not limited to: direct obligations the US government, obligations backed by the US government, and US agency securities.

Reporting

MHFA intends to voluntarily prepare an update report on the allocation of bond proceeds and loans made to target populations after all bond proceeds have been allocated. The form of the update report for the Series Bonds is shown in Appendix J of the official statement. MHFA commits to posting this one-time update report to the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access (EMMA) system.

The Agency also reports on the overall impact of its housing assistance programs in the Annual Program Assessment. These reports include information on the demographics of the populations receiving assistance and enable the Agency to measure progress toward reducing disparities in homeownership in Minnesota. Current and previous assessments are available on MHFA's website:
https://www.mnhousing.gov/sites/np/np/reports.

IMPACT AND ALIGNMENT WITH UN SDGS

MHFA's mission and the Program Loans support the sustainable and equitable vision of the UN SDGs. The Series Bonds directly align with UN SDGs 1, 8, 10, and 11 by supporting homebuyers who may otherwise not have access to financing for homeownership. Full text of the Targets for Goals 1, 8, 10, and 11 is available in Appendix A and a comprehensive list of targets and background on UN SDGs is available on the United Nations website: www.un.org/sustainabledevelopment

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

Affordable Housing (Target 1.4)
Socioeconomic Advancement and Empowerment (Target 1.4)
Access to Essential Services (Target 1.4)

Possible Indicators
- Number of loans serving low- and moderate-income groups
- Number of people provided with access to financial services

8 DECENT WORK AND ECONOMIC GROWTH

Access to Essential Services (Target 8.10)

Possible Indicators
- Number of people provided with access to financial services (mortgage, down payment assistance, or homebuyer education)

10 REDUCED INEQUALITIES

Socioeconomic Advancement and Empowerment (Target 10.2)
Access to Essential Services (Target 10.2)

Possible Indicators
- Number of mortgages in Targeted Areas
- Percent of mortgages for disadvantage groups and target populations

11 SUSTAINABLE CITIES AND COMMUNITIES

Affordable Housing (Target 11.1)

Possible Indicators
- Number of first-time homeownership opportunities
- Number of households provided down payment and closing cost assistance in addition to mortgage loan access

CONCLUSION

Based on our independent external review, the Series Bonds conform, in all material respects, with the Social Bond Principles (2021) and are in complete alignment with three eligible Social Project categories: *Access to Essential Services*, *Affordable Housing*, and *Socioeconomic Advancement and Empowerment*. MHFA has demonstrated a continued commitment to reducing disparities in homeownership in Minnesota through financing expanded access to single-family housing through the Series Bonds.

ABOUT KESTREL VERIFIERS

For 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based certified Women's Business Enterprise.

For more information, visit www.kestrelverifiers.com

DISCLAIMER

This Opinion aims to explain how and why the discussed financing meets the ICMA Social Bond Principles based on the information which was available to us during the time of this engagement (August – September 2021) only. By providing this Opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Social Bonds. It was beyond Kestrel Verifiers' scope of work to review for regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by the MHFA and publicly available information. The Opinion delivered by Kestrel Verifiers does not address financial performance of the Social Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of MHFA, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers reserves the right to revoke or withdraw this Opinion at any time. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in MHFA or the projects discussed. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

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Appendix A.
UN SDG TARGET DEFINITIONS

Target 1.4
By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Target 8.10
Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Target 10.2
By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Target 11.1
By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

MINNESOTA HOUSING

Board Agenda Item: 8.C
Date: 9/23/2021

Updated 9/20/21

Item: 2022-2023 Affordable Housing Plan: Draft for Public Comment

Staff Contact(s):
John Patterson, 651.296.0763, john.patterson@state.mn.us

Request Type:

☐ Approval	☒ No Action Needed
☐ Motion	☒ Discussion
☐ Resolution	☐ Information

Summary of Request:
For your review and discussion, staff have attached: (1) the draft of our 2022-2023 Affordable Housing Plan that we posted for public comment, and (2) the full public comments from the 18 people/organizations that responded, which is provide for the Board's reference. On Monday, September 20, staff will send the Board a concise summary of the comments, along with staff's responses to those comments.

After incorporating feedback from the public and Board, we will bring a revised Affordable Housing Plan back for approval at the October board meeting.

Fiscal Impact:
None.

Meeting Agency Priorities:
- ☒ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☒ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

Attachment(s):
- 2022-2023 Affordable Housing Plan: Draft for Public Comment
- 2022-2023 Draft Affordable Housing Plan: Full Public Comments

MINNESOTA HOUSING

2022-2023 Affordable Housing Plan

Draft for Public Comment

August 30, 2021

Table of Contents

Summary – 2022 and 2023 at a Glance

This Affordable Housing Plan (AHP) identifies key activities that we will carry out over the next two years and provides an estimate of the financial resources we expect to make available. This $3.95 billion AHP is our largest ever, and we expect to make available approximately $2 billion to serve roughly 100,000 households in each of the two years. Besides our ongoing work, this plan includes about $535 million for COVID-19 housing recovery, primarily rental and homeownership assistance for Minnesota individuals and families that have faced a COVID-19-related economic hardship.

Table 1: Expected Investments by Activity in 2022-23

Program Category	**2022-2023 Estimated Resources to be Available**
Homebuyer Financing and Home Refinancing	$2,321,770,000
Homebuyer/Owner Education and Counseling	$6,063,174
Home Improvement Lending	$116,544,000
Rental Production - New Construction and Rehabilitation	$272,218,000
Rental Assistance Contract Administration	$465,000,000
Housing Stability for Vulnerable Populations	$66,655,679
Multiple Use Resources	$169,440,000
COVID-19 Housing Recovery	$535,831,609
Total	**$3,953,522,462**

Over the next two years, we will focus on:

- Deploying $535 million of federal COVID-19 housing recovery funds to significantly reduce the threat of evictions, foreclosures, housing displacement and homelessness that is currently confronting far too many Minnesota individuals and families. We currently estimate that about 130,000 Minnesota households are behind on their housing payments.

- Making progress on three persistent housing challenges in Minnesota:

    - Address the state's very large homeownership disparity between white/non-Latinx households and Black, Indigenous and households of color by increasing the share of our first-time homebuyer mortgages going to Black, Indigenous and households of color to 40%.

- Address the severe shortage of rental housing affordable to households with incomes at or below 30% of the area median income by working to make 45% of the new-construction rental units that we finance deeply affordable.

- Address the very limited supply of affordable homes for sale by increasing the resources available for single-family housing development and rehabilitation and supporting manufactured homes and communities and supporting over 1,000 homes each year.

- Making housing in Minnesota more inclusive and equitable. We will:
  - Increase Minnesota Housing's diversity, inclusivity and cultural competence
  - Foster co-creation of solutions with communities
  - Diversify the partners we fund and with whom we work
  - Make our programs more inclusive and equitable
  - Address systemic barriers
  - Continually analyze outcomes and program processes

- Creating a culture of innovation and entrepreneurship at Minnesota Housing. With persistent and seemingly intractable housing challenges, we also need to rethink how we work. We will focus on program designs, financing structures, and exploring different ways of meeting local housing needs.

Chapter 1 – Recovery, Equity, Access and Innovation

The 2022-2023 Affordable Housing Plan (AHP) is Minnesota Housing's business plan for implementing the last two years of our current Strategic Plan. The AHP covers October 1, 2021 through September 30, 2023 and provides information on the policy, program and operational initiatives we plan to carry out over the next two years. It also provides estimates of the financial resources we expect to make available through each of our programs.

Housing Needs for the Next Two Years

As we reach what we hope is near the end of the COVID-19 pandemic, we will continue to support housing and economic recovery. The pandemic and increased focus on social justice over the past year and a half have put a focus on structural inequities and gaps in the housing industry and broader society. We will also continue to take on the significant housing challenges facing families and communities across the state that were persistent before the pandemic.

The large amount of federal COVID relief resources (from the Consolidated Appropriations Act and American Rescue Plan) for renter and homeowner assistance, as well as housing development resources targeting the lowest-income Minnesotans, will be critical to our work for the next two years. The AHP also includes resources from the 2021 state legislative session.

The pandemic and economic fallout has had a profound impact on individuals and families across Minnesota, and some, particularly Black and Indigenous households and households of color, continue to face significant challenges.

- When the pandemic first hit in March 2020, Minnesota lost nearly 400,000 jobs in that first month; and by April 1, 2021, a year later, the state was about 60% of the way back to pre-pandemic employment levels.[1]
- Since March 2020, about 1.4 million unemployment insurance applications have been filed in Minnesota, and Black workers have been six times more likely to file a claim than white workers because the pandemic hit them harder economically.[2]
- We estimate that about 70,000 homeowner and 60,000 renter households are behind on their housing payments, and Black households are six times more likely to be behind than white households.[3]

- The share of homeowners and renters who are behind is about twice what we normally see in Minnesota.

These pandemic-related challenges are on top of and have worsened the persistent and seemingly intractable housing problems that confront the state:

- In Minnesota, 536,000 households are cost burdened, meaning they pay more than 30% of their gross income on housing.[4] In particular, over 200,000 renter households make less than $50,000 a year and pay over 50% of their income on housing.[5] These households are likely one financial setback, even relatively minor, from missing a rent payment.
- The supply of housing that is affordable is very limited throughout the state:
  - For example, in Minneapolis and St. Paul, the vacancy rate for rental units affordable to households with incomes at or below 30% of the area median income (AMI) is effectively 0%, whereas a healthy vacancy rate is about 5%,[6] and
  - In the 16 counties in and around the Twin Cities metro area, the months-supply of homes selling for $250,000 or less is only one months, whereas a healthy supply is about five months.[7] While the best data highlighting this issue come from areas in and around the Twin Cities metro area, the very limited supply is a statewide issue.
- Newly constructed housing is not affordable for typical renters or homeowners:
  - 79% of newly constructed rental units are not affordable to low-income renters (those with incomes at or below 80% of AMI);
  - Without rental assistance, only 1% of new units are affordable to households with incomes at or below 30% of AMI,[8] and
  - The median sale price of a newly constructed home is $430,000,[9] while a household with the median homeowner income can only afford a $300,000 home.
- Minnesota has the fourth-largest homeownership-rate disparity between white/non-Latinx households and Black, Indigenous and households of color, 77% compared with 44%; and the 25% homeownership rate for Black households is egregiously low[10] and significantly lower than the 46% rate achieved by Black households in 1950.[11]
- In 2020, about 7,940 people in Minnesota experienced homelessness on a given night, which is an 8% increase since 2016. The increase has been extraordinarily large for people living outside and unsheltered, with a 119% increase in that period.[12] In addition, an Indigenous person in Minnesota is over 20 times more likely to experience homelessness than someone who is white/non-Latinx.

- Employers in cities across Greater Minnesota are adding jobs, but there is not enough housing, and programs that finance market-rate housing are not sufficiently large to address the need.

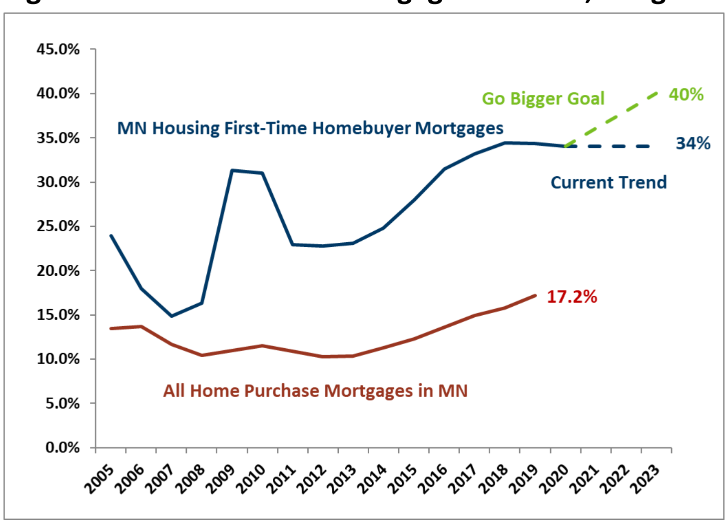
While not included in this AHP, the agency will pursue additional housing investments at the state and federal level. In 2022, the state Legislature will have a session focused on a capital investment/bonding bill and have conversations regarding how discretionary State Fiscal Recovery Funds that Minnesota will receive through the American Rescue Plan could be used to support housing, on top of the funds already set aside for housing assistance. There is also ongoing talk about additional federal housing resources.

Achieving Our Key Strategic Goals

In our Strategic Plan, we established two goals to address the large homeownership disparity and severe shortage of deeply affordable rental units.

- **Key Goal #1**: By 2023, have 40% of our first-time homebuyer mortgages going to Black and Indigenous households and households of color.

Figure 1: Share of Home Mortgages to Black, Indigenous and Households of Color



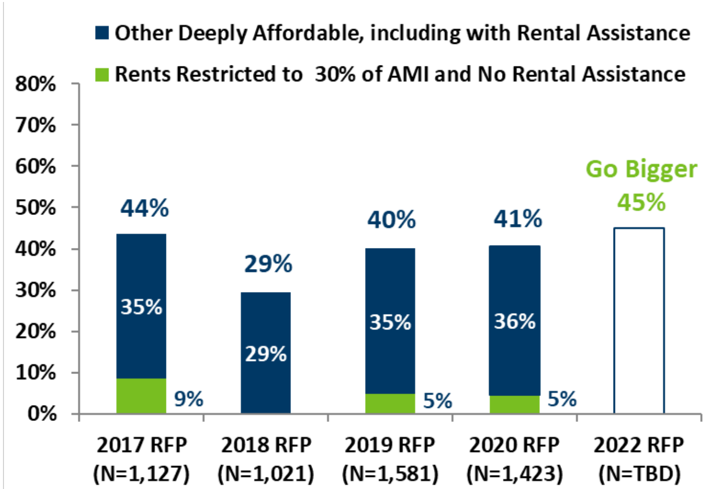
While our rate of lending to Black and Indigenous households and households of color is twice the marketwide rate in Minnesota, we only account for about 6% of the overall market. Because our lending can only modestly impact the overall disparity, we need the entire homebuying industry to act. Our role is to be on the forefront of this work, try new strategies, share what we learn, and provide leadership for industry-wide action.

Awareness of homeownership opportunities, trust in the real estate and mortgage industries, and wealth/savings and credit challenges are key barriers to homeownership. To increase lending to Black and Indigenous households and households of color, we will continue and enhance our work to:

- Prepare potential homeowners for successful homeownership through the Homebuyer Education, Counseling and Training (HECAT) program and the Homeownership Capacity program (multi-year financial and credit coaching), which includes recent changes to the Homeownership Capacity program to incentivize successful completion of the program;
- Tailor the size of our downpayment and closing-cost loans to meet the needs of our borrowers;
- Develop outreach and marketing strategies to reach mortgage industry partners of color, including lenders and real estate agents;
- Partner with real estate associations, including the National Association of Hispanic Real Estate Professionals, the Asian Real Estate Association, the National Association of Real Estate Brokers and the Minnesota Realtors;
- Reach communities of color through community engagement, such as providing program information at events, connecting with community leaders and organizations, and promoting our work through social media posts and ads, local media interviews, and community newspaper articles; and
- Explore the possibility of new downpayment and closing-cost assistance options geared toward first-generation homebuyers, as well as options for homeowners in manufactured home communities.

- **Key Goal #2:** With the 2022 Consolidated RFP selections, have 45% of our new construction rental units be deeply affordable.

Figure 2: Share of New Rental Units that Will be Deeply Affordable*



* Includes new construction and adaptive-reuse units: (1) with contract rents that are affordable to households with incomes at or below 30% of the area median income (AMI), (2) with rental assistance, including Housing Support, and/or (3) that are permanent supportive housing.

Our success will be dependent on several factors, including: (1) the availability of Housing Infrastructure Bonds (HIBs), which is one of our most effective tools for financing deeply affordable units, particularly supportive housing; (2) the availability of rental assistance (including Housing Support from the Department of Human Services and local housing authorities project-basing[13] some of their Housing Choice Vouchers); and (3) incentivizing in our consolidated RFP selection criteria units with rent restricted to no more than 30% of AMI.

To increase the share of deeply affordable rental units that we finance:

- We continue to request additional HIBs. HIBs are the No. 1 source of capital provided by the State for housing development. In 2021, the legislature approved a conditional authorization for another $100 million in HIB authority, dependent on whether the federal government acts to provide additional housing resources by December 31, 2021. The agency will continue to advocate for more HIB authority in the 2022 legislative session.
- We amended our selection criteria under the 2021 consolidated RFP to include:
  - A requirement that developments restrict rents to no more than 30% of AMI[14] in at least 2% of the units in the development; and
  - More selection points for developments that restrict additional units at the 30% AMI rent level, awarding the most points in this category to projects that restrict at least 30%.[15]

- **Key Goal #3:** As an additional goal, we will increase the supply of affordable single-family homes and rehabilitate/improve existing owner-occupied homes. With median home prices increasing 19% in just the last year, the opportunity to achieve homeownership is slipping away from many Minnesotans.[16] Statewide, the median home sale price is $325,000, while a household with the median homeowner income can afford a $300,000 home.[17] To address this affordability challenge, our work for 2022 and 2023 will include:

    - Potentially allocating $18.333 million of the $100 million of the new conditional HIB authority to developing affordable single-family homes and another $15 million to address infrastructure needs in manufactured home communities (assuming the federal government does not provide resources for these activities before December 31, 2021);
    - Continuing to administer the Economic Development and Housing Challenge (EDHC) program, which typically awards roughly $15 million over a two-year period for single-family development and homeownership;
    - Making available $3.75 million (which includes a $3.25 million one-time increase) for our Workforce Homeownership Program, which also funds the development of homeownership opportunities; and
    - Continuing to build out our manufactured-home activities. In 2019, we created a new position to oversee our work financing infrastructure needs in manufactured home communities; and additional activities will include:
        - $3.75 million for the Manufactured Home Park Redevelopment program (which includes a $1.75 million one-time increase),
        - $15 million of the conditional HIB funds set-aside for manufactured home community needs (assuming the federal government does not provide resources for this activity before December 31, 2021),
        - The potential for resources to finance community ownership of parks, and
        - Exploring better lending options to serve families looking to live in a manufactured home community. This activity builds upon legislation passed in 2020 that changed the property classification for single family homes in cooperatively owned manufactured home communities.

Alternatives to traditional, single-family detached homes (including townhomes, condominiums, manufactured homes, and others) will be a part of the strategy to make owner-occupied homes more affordable.

COVID-19 Housing and Economic Recovery

Since the early days of the pandemic and a historic level of job layoffs, Minnesotans have struggled with their rent and mortgage payments. Fortunately, most people have been protected by forbearance procedures and the state's eviction moratorium, but with those protections phasing out, we need to assist many of the roughly 130,000 households in Minnesota who are currently behind on their housing payments to avoid a high-level of evictions, foreclosures and housing displacement. The average renter who is behind is five to six months behind and owes $5,000, resulting in about $300 million in arrears; and the average homeowner who is behind is seven to eight months behind and owes $9,000, resulting in about $650 million in arrears.[18] A sizable majority, but not all, of these households are eligible for the new housing assistance programs.

For the next several years, Minnesota Housing will directly receive federal stimulus and recovery funds under three programs, as described below. Besides these programs, the agency will also be in conversations regarding the potential use of discretionary federal State Fiscal Recovery Funds, which will be available to Minnesota through the American Rescue Plan, to finance additional housing needs.

- Under the federal Emergency Rental Assistance Program, Minnesota expects to receive about $670 million, with Minnesota Housing expecting to receive about $537 million of those funds for our **RentHelpMN** program, with the remaining $133 million going to six local units of government. Under this program, renters with incomes at or below 80% of the area median income who experienced a COVID-19-related financial hardship are eligible for up to 18 months of assistance for both past-due and future rent. Future rent payments will be covered in three-month installments. The program launched in April of 2021. In program years 2022 and 2023, we currently expect to distribute roughly $400 million in assistance to households.

- Under the federal Homeowner Assistance Fund, Minnesota Housing expects to receive $128 million to assist homeowners, with $109 million being used for financial assistance and counseling. Our **HomeHelpMN** program is expected to cover past due principal, interest, taxes, insurance and other housing payments, loan modifications, and certain counseling services. The program's overall goal is to reach homeowners in greatest need of assistance and most at risk of foreclosure and losing their homes. Initially, the program will be available to homeowners with incomes at or below 100% of the median income. The program will likely have a maximum benefit of $35,000 per household. Like the rental program, a household must have faced a COVID-19-related financial hardship to be eligible.

- Under the American Rescue Plan (ARP), Minnesota Housing will also receive an allocation of approximately $31 million in HOME Investment Partnerships funding (**HOME-ARP**) to assist individuals or households who are experiencing homelessness, or at risk, along with other vulnerable populations. Fifteen percent of those funds can be used for administrative costs, with the remaining funds dedicated to assistance. We anticipate using these funds as housing development resources for individuals and families experiencing homelessness and sleeping outside. The origin of this new program came from some success converting underutilized hotels into either non-congregate shelter or permanent housing during the pandemic. This funding allocation is separate from our regular annual HOME appropriation.

As Congress works on additional infrastructure and budget bills, we may get additional federal resources in the next two years beyond those already in place or expected through regular appropriations, and we will utilize these funds in accordance with federal requirements and agency goals.

Housing construction is also an economic stimulus and plays a key role in economic recoveries. As a review by the Federal Reserve Bank of Philadelphia states:

> *Although homebuilding [ownership and rental] constitutes a small portion of GDP — on average 4.7 percent since 1947 — it has outsize importance for the rest of the economy. In general, the housing sector leads the recovery in the rest of the economy, and the last recession suggests that without the housing sector, recovery is slow.*[19]

Under this Affordable Housing Plan, we expect to allocate about $550 million in resources to the construction, rehabilitation and improvement of single-family and multifamily housing, which will help the Minnesota economy recover from the COVID-19 pandemic.

Equity and Access

The pandemic and increased focus on social justice over the last year and a half have put a focus on structural inequities and gaps in the housing industry and broader society. During the pandemic, Black Minnesotans were six times more likely to apply for unemployment benefits than white Minnesotans and also six times more likely to behind on their mortgage and rent payments. These disparities were on top of some of the nation's worst pre-pandemic disparities in housing, income, wealth, education and health. To achieve Governor Tim Walz's concept of **One Minnesota**, where everyone thrives, not just some, we need to reorient how we work and expand who has a voice at the table and participates in and benefits from the housing economy.

Our current Strategic Plan lays out six overarching strategies to create an inclusive and equitable housing system:

1. **Increase Minnesota Housing's diversity, inclusivity and cultural competency**
2. **Foster co-creation of solutions with communities**
3. **Make our programs more inclusive and equitable**
4. **Address systemic barriers**
5. **Diversify the partners we fund and with whom we work**
6. **Continually analyze outcomes and program processes**

In this section of the AHP, we identify the actions we will take over the next two years under each of these strategies. In some areas, we have already started this work, and we need to enhance and bring it to scale across the entire agency. As a critical step, we created a position and hired a Director of Equity and Inclusion to serve on the Agency's leadership team and lead the journey. To support the Director, the agency has created an Equity Change Team made up of leaders and staff from across the Agency. The policy, program and operational changes outlined here will be made by staff and teams throughout the Agency, but the Equity Change Team will facilitate and coordinate the internal work.

Increase Minnesota Housing's Diversity, Inclusivity and Cultural Competency

In this area, we have two primary goals:

- **Hire more staff who are Black, Indigenous or people of color, have a disability, or are a veteran**

  Since 2018, 29% of our new hires have been BIPOC, compared with 20% of all our staff; and 12% of new hires have a disability, compared with 13% of all staff. To increase our hiring in these areas, we are:
  - Recruiting candidates on the People of Color website, the Minnesota Council of Nonprofits website, LinkedIn, and specialty websites for specific positions
  - Making sure unconscious bias is not impeding our ability to select the best candidates to interview
  - Revising our interview questions and candidate scoring rubrics to remove cultural biases
  - Making sure staff on interview panels are racially diverse
  - Actively participating in the Connect 700 program, which is a program to make the state a leader in hiring people with disabilities

- **Retain 75% of employees who are of Black, Indigenous or people of color, have a disability, or are a veteran**

  Of our new hires from 2017 through 2019, we have retained 82% who are BIPOC, 67% who have a disability, and 100% who are veterans. To consistently reach and surpass this goal, we are:
  - Creating a more inclusive and equitable work environment by:
    - Building internal capacity to administer the Intercultural Development Inventory (IDI), a cultural competency assessment, across the Agency and delivering feedback and development sessions.
    - Continuing to support trainings and experiences sponsored by the Agency's Cultural Competency Committee, which includes activities like screening and discussing "Cracking the Code", a film that "asks Americans to talk about the causes and consequences of systemic inequity."
  - Promoting and encouraging career development and growth opportunities for employees
  - Making sure the agency's nominations for the state's staff development programs, including the Emerging Leaders Institute and Senior Leaders Institute, reflect opportunities for employees who are BIPOC, have a disability or are veterans to develop their careers and advance
  - Offering a competitive tuition assistance program to support employees in job- or Agency-related higher education
  - Revamping our mentorship program with a focus on equity and inclusion

Foster Co-Creation of Solutions with Communities

We have taken steps to improve in this area over the last two years, but we need to expand and improve this work further.

- **Bring community members to the table to design policies and programs.**

  Examples of this work that we want to expand include:

  - <u>Proactively engaging the community on the front end</u>. To develop our 2022-2023 Qualified Allocation Plan for awarding Low Income Housing Tax Credits (a primary tool for financing affordable rental housing), we proactively reached out to communities across the state before developing the plan, when we have traditionally relied on a public comment period after developing a draft. From January through March 2020, the Agency held 17 engagement sessions. In-person engagement strategies included informational and technical assistance sessions in Greater Minnesota, focus groups with residents of tax credit properties, and meetings with stakeholder groups. Over 400 people participated, representing a range of stakeholders including cities, counties, service providers, affordable housing developers, community-based organizations, Indian housing directors and residents.

- Directly engaging people with lived experience (those who live in or need the housing we finance). In the focus groups with residents of tax credit properties we asked, "When choosing a place to live, what neighborhood and property characteristics are most important to you?" "What challenges have you and your family and friends faced when trying to find housing that is affordable in a community of your choice?" "What has been your experience living in your current building?" This feedback played an important role in shaping the content of the Qualified Allocation Plan and how we will allocate tax credits going forward.

- Establishing workgroups to co-create solutions. In the spring of 2021, the Olmstead Implementation Office, which is housed within Minnesota Housing, launched five workgroups to explore solutions that address specific challenges that confront people with disabilities in living, learning, working and enjoying life in the most integrated setting possible. The workgroup topics are: (1) affordable, safe, accessible housing, (2) juvenile justice and special education, (3) workforce shortage and people with disabilities, (4) preventing abuse and neglect of people with disabilities, and (5) data collection practices. Each workgroup is comprised of a mix of state employees, service providers and people with disabilities.

- **When selecting housing developments to fund, prioritize those that have incorporated community engagement and planning in the creation of the proposal.**

  Our current scoring criteria for selecting multifamily developments in the Consolidated Request for Proposal process includes points for housing development projects that involve active:

  - Implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders; and
  - Participation in the development of the housing project proposal by communities most impacted by housing disparities. The proposed housing development must address a housing disparity. This equitable development priority was added to the selection process in 2021.

- **Have community members review and score proposals for funding.**

  Since 2016, we have been expanding the use of community-based reviewers, and they are now involved in recommending funding decisions for the following grant programs: (1) Family Homeless Prevention and Assistance Program (FHPAP), (2) Housing Trust Fund Rental Assistance, (3) Homework Starts with Home, (4) Bridges Rental Assistance, (5) Homebuyer Education Counseling and Training (HECAT), (6) Homeownership Capacity, (7) Impact Fund, and (8) Manufactured Home Park Redevelopment Grants. Having community expertise and insights is critical in making effective, informed and transparent decisions. Recruitment of reviewers focuses on representation from across the state and different types of expertise and perspectives, along with voices from the populations to be served, particularly diverse and underrepresented communities.

- **Enhance our capacity building and support work**

  We have a capacity building program that last year awarded about $700,000. The funds are distributed through two RFPs:

  - A direct program that provides up to $40,000 directly to local organizations in one-time funding for one-year projects that address housing disparities, build power in communities most impacted by housing challenges and disparities, pilot innovative solutions to housing challenges, and support inclusive and equitable communities. In the most recent round of funding, we funded 14 organizations.

  - A program that funds intermediary organizations to provide pass-through grants and/or technical assistance to develop and strengthen the capacity of: (1) communities, (2) stakeholders, and (3) organizations in housing planning, program development and engagement activities.

  We will look at the possibility of partnering with philanthropic organizations to continue and enhance the work.

  We are also looking at other ways to enhance this work, which would include building on the work of our Building Communities Committee, a cross-divisional team of Minnesota Housing staff who are focused on developing strategies for engaging, supporting and empowering communities. It is important for us to be regularly present in the community and understand each community’s culture, needs and way of doing work.

Diversify the Partners We Fund and with Whom We Work

We are currently working on three primary initiatives to diversify our partnerships, which we will continue to expand and enhance.

- **Incentivize development teams that include organizations owned or operated by Black, Indigenous and people of color and/or women in project scoring.**

  In our competitive funding process, we first awarded selection points for Black, Indigenous of people of color-owned or women-owned/operated businesses in the 2018 Qualified Allocation Plan for Low-Income Housing Tax Credits. Participation in this area has increased substantially since then, with 85% of all applications in the 2020 Consolidated RFP receiving the points. To further increase participation, we increased the points in the 2022 Qualified Allocation Plan for development teams that include multiple Black, Indigenous of people of color-owned/operated or women-owned/operated business entities. The goal is to build the capacity of these organizations to develop, manage, construct, design or own affordable housing in the future.

  We also prioritize Black, Indigenous of people of color-owned/operated - or women-owned/operated businesses in funding through the Impact Fund (our primary single-family development program) and the Homeownership Capacity program.

- **Increase the share of the vendors in our procurement process who are Black, Indigenous, people of color, people with disabilities and/or veterans.**

  Our current actions to increase the use of Targeted (TG), Economically-Disadvantaged (ED) and Veteran-Owned (VO) businesses include:
  - Encouraging these vendors to participate by: (1) listing benefits in the request, such as by helping local business and supporting our community, and (2) waiving of solicitation requirements if the purchase is under $25,000 by using the Equity Select method – a simplified procurement process;
  - Actively promoting the vendors by referring agency staff to a list of the vendors generated from the state's directory and recommending eligible vendors for the services if needed; and
  - Building a relationship with the Office of Equity Procurement (OEP) and working directly with their procurement staff.

- **Contract with organizations from and trusted by the community**

In 2014, we created the Homeownership Capacity program to provide multiyear financial coaching for renters who want to become homeowners but face credit, savings and other barriers and need coaching to become ready. To help address Minnesota's very large homeownership disparity for Black, Indigenous and households of color, we selected organizations from and run by people from these communities and which have strong track records of serving the community. These organizations include, but not limited to African Development Center, Build Wealth, Comunidades Latinas Unidas en Servicio, and Urban League of the Twin Cities. With these strong community ties, about 85% of program participants are Black, Indigenous and people of color. Most importantly, about 60% of participants who completed the program and reported an outcome bought a home within a year.

As a more recent example, we selected 28 organizations to serve as field partners under the RentHelpMN program to reach out to communities most impacted by the COVID-19 pandemic and the resulting financial crisis and help those needing assistance apply for and navigate the program. These organizations include African Immigrants Community Services, Housing Justice Center, Isuroon, Lao Assistance Center of Minnesota, Latino Economic Development Center, Leech Lake Housing Authority and Rise Incorporated.

Make Our Programs More Inclusive and Equitable

A key tactic under this strategy is reviewing program structures, processes, requirements and restrictions with a renewed lens on inclusion and equity. We will focus on identifying and addressing barriers that prevent some households, developers, properties and communities from accessing resources. Examples include:

- In the fall and early winter of 2020, we ran the COVID-19 Housing Assistance Program (CHAP) that provided emergency housing assistance to both renters and homeowners. After the work was done, we identified lessons learned from the temporary program so that we could use them in other and future emergency housing programs. A key lesson included the need to devote resources for: (1) marketing and outreach, (2) leveraging trusted community-based organizations to create and amplify program awareness and participation, and (3) helping people apply for assistance.

- Over the last few years, we have substantially simplified our Rental Rehabilitation Deferred Loan (RRDL) program and Publicly Owned Housing Program (POHP). Both provide zero-interest, deferred loans, but with the first funding smaller rental properties in Greater Minnesota and the latter funding public housing developments across the state. Both programs have moved to a 'concept-based' application where applicants submit a general scope of work concept and cost estimate for the project. Applicants are not required to pay for third-party inspections, environmental reports, or provide a detailed development budget. If the applicant is selected for funding, those elements are completed with continual assistance from program staff during post-selection processing. Staff has also reduced the number of required application forms and materials to a minimum – from 30 plus to 10 or less. The most recent RRDL RFP had 21 applications that were scored, and a large share were applying to Minnesota Housing for funding for the first time. In each of the last three POHP RFPs (2017, 2018 and 2020), we received 15 to 24 applications with about 1/3 of the applications each year coming from local authorities that have never applied for POHP funding before.

A component of this strategy is geographic equity and making sure we address housing needs across the state, particularly in Greater Minnesota. Each community has its own housing needs, and our programs and processes need to be flexible enough to address all the needs, from supportive to workforce housing and from large cities to rural communities.

Over the next two years, we will expand this review of our programs. We are already looking at ways to simplify our Consolidated RFP for multifamily development funding and recently made simplifying changes to the Impact Fund's RFP for single-family development.

Address Systemic Barriers

We will work to make our programs more inclusive and equitable, but there are also large systemic barriers in the overall housing industry where we can play an advocacy role.

For example, Minnesota Housing staff worked on several renter stability provisions during the 2021 legislative session, which resulted in legislation ending Governor Walz's evictions moratorium. This legislation included a provision that barred eviction filings for non-payment of rent for renters with a pending COVID-19 emergency rental assistance program application (including RentHelpMN) through June 1, 2022. Minnesota Housing also supported three different rental stability provisions including a 14-day pre-eviction filing notice requirement, evictions expungement changes, and source of income discrimination, but none were signed into law. The goal of these proposed changes is to start reforming Minnesota's tenant/property-owner laws, recognizing that the current laws result in households of color and Indigenous households disproportionately being evicted, experiencing housing instability, and unable to access affordable homes.

Future work with stakeholders could include how credit scores are calculated and used. Studies have found that credit scores can be discriminatory. For example, some scoring mechanisms have assumed borrowers who received loans from finance companies, which are disproportionately used by borrowers of color, are a worse credit risk than people who received loans from depository institutions.[20] In addition, rent payments typically do not show up on a credit report, while mortgage payments do. Black and Indigenous households and households of color are far more likely to be renters in Minnesota and are typically not getting credit for their timely housing payments, while homeowners are.

Continually Analyze Outcomes and Program Processes

Part of creating change involves continuous improvement. What gets measured and tracked gets done, particularly if data is used to make mid-course adjustments. To create a more inclusive and equitable housing system, we need to understand outcomes, disparities and key drivers broken out by race, ethnicity, disability status and geography.

For example, we have increased our lending to first-time homebuyers who are Black, Indigenous or households of color from 530 loans in 2012 to 1,473 in 2020, nearly a three-fold increase in just eight years. These results were achieved through systematic tracking, analysis and response. Each year, our Home Mortgage team reviews the lending results from the previous year, develops and refines strategies to increase lending to BIPOC homebuyers, sets goals for the upcoming year, then tracks and monitors the results monthly. Any time a program or process change is considered, the first question asked is, "How will it affect lending to Black and Indigenous households and households of color?"

For the RentHelpMN program, we are collecting data beyond the six standard race categories (American Indian, Asian, Black, Pacific Islander, white and other) by breaking each category into subcategories – for example, splitting Asian into Hmong, Asian Indian, Chinese, Vietnamese, and other. We are also tracking and monitoring program results by race, disability status and county, which will allow us to adjust, such as revising our marketing and outreach strategies to address areas where we are falling short of our benchmarks.

Over the next two years, we will expand and enhance this work.

Innovation

Minnesota continues to face persistent housing challenges. More resources to address these challenges, such as more funding for rental assistance and housing development from the federal government, would be a tremendous boost; however, we also need to innovate and remove barriers. We need a culture of innovation and creative thinking, where staff and external partners are encouraged to take risks and try new ideas to achieve the vision that "All Minnesotans live and thrive in a stable, safe home they can afford in a community of their choice."

The purpose of this work is to:

- Find new ways to address persistent housing challenges,
- Tap into and leverage the expertise and knowledge of staff and the community and empower them to be creative problem solvers,
- Make time, space and resources available for brainstorming, collaborating, problem solving and piloting,
- Create opportunities for cross-team and cross-division collaboration, and
- Be willing to accept some failures (particularly if contained and well managed).

Areas that appear ready for innovative thinking include:

- Creating a more inclusive and equitable housing system, with human-centered design and community co-developed solutions playing a key role,
- Increasing housing production and workforce housing in Greater Minnesota communities,
- Reducing the cost of building new housing, which would include modular and other alternative construction techniques, and
- Enhancing our work around climate change and green/energy-efficient housing.

The key is making available the time, space and resources for this type of work, regardless of its exact form.

Chapter 2 – Resources for Our Work

For 2022 and 2023, we are currently estimating we will make available $3.95 billion for program investments, our largest plan ever. We expect to deploy roughly $2.0 billion and serve an average of approximately 100,000 households each of the two years.

These resources include funds that are: (1) newly available, (2) made available in previous AHPs but went unused, and (3) repayments of loans.

Overview of Our Program Investment Plan

Through our programs, we provide a wide continuum of tools for financing affordable housing and related services, ranging from grants for homelessness prevention and rental assistance to mortgages for home purchases and improvements. As shown in Table 2, six programs account for most of the estimated investment plan.

- **Home Mortgage Loans** (line 1) will involve an estimated $2.2 billion in lending over the two-year period and supporting about 4,890 homebuyers in each year of the two years.

- **Section 8 Rental Assistance Contract Administration** (line 18) will provide an estimated $465 million of federal project-based rental assistance over the two years and annually support nearly 30,000 of the state's lowest income households. With this assistance, households generally spend no more than 30% of their income on rent and utilities.

- **Housing Infrastructure Bonds** (Line 31) could provide $120 million of bonding authority over the two years and support about 1,550 housing units in each of the two years if that bonding is split evenly between the two years. The $100 million of new HIB authorization is conditional and dependent on the federal government not providing additional housing resources by December 31, 2021.

- **Low Income Housing Tax Credits** (line 10) is one of our primary programs for developing and rehabilitating affordable rental housing. The $21 million of 9% credits from the federal government over the two years will generate an estimated $96 million in private equity annually for the construction or rehabilitation of roughly 570 units of affordable rental housing in each of the next two years.

- **RentHelpMN** (line 26) will potentially make available over $400 million to assist over the two years roughly 50,000 renter households who have faced a COVID-related economic hardship, with most renters assisted in program year 2022, and some households assisted across both years.

- **HomeHelpMN** (line 27) will make available $109 million to assist 6,700 homeowner households over the two years, again with most being assisted in program year 2022 and a smaller number in 2023.

We will also use portions of our tax-exempt private activity bond allocation for multifamily projects to generate private equity from 4% housing tax credits. Some of these projects also utilize our deferred loan resources, so the units produced by these jointly funded projects are already included in our overall unit count for 2022 and 2023.

4% Tax Credits. While not in our program investment plan, we allocate 4% credits to rental housing developments that are financed with tax-exempt private activity bonds, which are regulated by Internal Revenue Service and can be used by states for a variety of purposes. Unlike 9% credits, awards of 4% credits are not directly capped, but there are statewide volume limitations on the use of tax-exempt private activity bonds for housing. Most of these bonds are used on rental housing, and on a yearly basis, the use of 4% credits can generate a significant amount of private equity for affordable housing.

Table 2 also shows, by program, the median incomes of the low- and moderate-income households that we served in 2020, which ranged from $6,168 to $81,180. The statewide HUD median family income in 2020 was $91,800.

Sample of Programs	Median Income(s)
• Rental assistance programs (lines 18-22)	$8,052 to $12,652
• Rehabilitation Loan Program (line 7)	$15,591
• Low-Income Housing Tax Credits (line 10)	$22,103
• Single-Family Economic Development and Housing/Challenge (line 25)	$47,991
• Home Mortgage Loans (line 1)	$63,116
• Home Improvement Loan Program (line 6)	$78,587

Table 2: Overview of 2022-2023 Program Investment Plan

		2022-2023 Estimated Resources to be Available	2019-2020 Actual Disbursement/ Deployment of Resources	Activity	Median Income Served (2020)	Share of BIPOC (2020)
	Homebuyer Financing and Home Refinancing	**$2,321,770,000**	**$2,150,203,944**			
1	Home Mortgage Loans	$2,200,000,000	$2,055,334,285	First Mortgage	$63,116	32.8%
2	Deferred Payment Loans	$74,770,000	$53,419,875	Downpayment and Closing Cost Loans	$53,899	35.9%
3	Monthly Payment Loans	$47,000,000	$41,449,784	Downpayment and Closing Cost Loans	$81,180	29.8%
	Homebuyer/Owner Education and Counseling	**$6,063,174**	**$5,432,860**			
4	Homebuyer Education, Counseling and Training (HECAT)*	$3,063,174	$2,927,095	Education and Counseling	$41,498	56.4%
5	Homeownership Capacity	$3,000,000	$2,505,765	Education and Counseling	$42,000	82.9%
	Home Improvement Lending	**$116,544,000**	**$52,593,245**			
6	Home Improvement Loan Program	$101,000,000	$42,310,154	Home Improvement Loan	$78,587	10.6%
7	Rehabilitation Loan Program (RLP)	$15,544,000	$10,283,091	Home Improvement Loan	$15,591	9.4%
	Rental Production - New Construction and Rehabilitation	**$272,218,000**	**$208,624,365**			
8	Multifamily First Mortgages	$150,000,000	$127,710,844	Amortizing Loans	$26,190	58.6%
9	Flexible Financing for Capital Costs (FFCC)	$20,000,000	$15,574,363	Primarily Deferred Loans	N/A	N/A
10	Low-Income Housing Tax Credits (LIHTC)	$20,996,000	$11,776,695	Investment Tax Credits	$22,103	49.7%
11	National Housing Trust Fund	$18,506,000	$2,511,840	Deferred Loans and Operating Grants	N/A	N/A
12	HOME	$18,794,000	$10,003,440	Deferred Loans	$12,205	$12,205
13	Preservation - Affordable Rental Investment Fund (PARIF)	$24,436,000	$11,252,064	Deferred Loans	N/A	N/A
14	Asset Management	$6,000,000	$5,980,511	Loans	N/A	N/A
15	Rental Rehabilitation Deferred Loan Pilot (RRDL)	$9,486,000	$4,877,364	Deferred Loans	$17,125	15.4%

16	Publicly Owned Housing Program (POHP) - GO Bonds	$0	$15,631,224	Deferred Loans	$11,676	24.1%
17	Workforce Housing Development	$4,000,000	$3,306,020	Deferred Loans and Grants	N/A	N/A
	Rental Assistance Contract Administration	**$465,000,000**	**$385,701,451**			
18	Section 8 Project-Based Rental Assistance	$465,000,000	$385,701,451	Rent Assistance	$12,652	35.7%
	Housing Stability for Populations Needing Extra Support	**$66,655,679**	**$53,100,424**			
19	Housing Trust Fund (HTF)	$29,685,490	$23,440,955	Rent Assistance and Operating Support	$9,636	62.3%
20	Homework Starts with Home	$3,500,000	$1,028,176	Rent Assistance and Other Support	$8,052	77.0%
21	Bridges	$9,940,589	$7,913,431	Rent Assistance	$10,368	31.5%
22	Section 811 Supportive Housing Program	$2,385,000	$1,692,893	Rent Assistance	$10,368	52.6%
23	Family Homeless Prevention and Assistance Program (FHPAP)**	$20,577,600	$18,701,632	Grants	$9,972	61.8%
24	Housing Opportunities for Persons with AIDS (HOPWA)	$567,000	$323,337	Grants	$22,029	49.7%
	Multiple Use Resources	**$169,440,000**	**$78,129,620**			
25	Economic Development and Housing Challenge (EDHC)	$34,650,000	$32,640,359	Loans and Grants	MF: $20,370 SF: $47,991	MF: 69.9% SF: 61.9%
26	Single Family Interim Lending	$2,500,000	$2,124,942	Construction Loans	n/A	N/A
27	Housing Infrastructure Bonds (HIB)***	$120,000,000	$40,802,614	Primarily Deferred Loans	MF: $6,168 SF: $36,783	MF: 54.0% SF: 37.9%
28	Workforce Affordable Homeownership Program	$3,750,000	$0	Loans and Grants	N/A	N/A
29	Manufactured Home Community Redevelopment Program	$3,750,000	$0	Grants and Loans	N/A	N/A
30	Technical Assistance and Operating Support	$3,790,000	$2,561,705	Grants	N/A	N/A
31	Local Housing Trust Fund Grants	$1,000,000	$0	Grants		
	COVID-19 Housing Recovery	**$535,831,609**	**$5,530,823**			

32	COVID-19 Housing Assistance Program (CHAP)		$5,530,823	Rental and Homeowner Assistance	$18,000	56.0%
33	RentHelpMN - Emergency Rental Assistance Program (ERAP)****	$400,000,000	$0	Rental Assistance	N/A	N/A
34	HomeHelpMN - Homeowner Assistance Fund (HAF)	$109,364,448	$0	Homeowner Assistance	N/A	N/A
35	HOME - ARP (American Rescue Plan)	$26,467,161	$0	Loans and Grants	N/A	N/A
	Total	**$3,953,522,462**	**$2,939,316,732**			

*Of the HECAT funding, $1,030,000 is contingent on funds being made available by partner organizations.
**The last three months of funding for FHPAP (July 1 through September 30, 2023) is contingent on funds being made available for the 2024-2025 biennial appropriations.
***$100 million of HIB funding is conditional on the lack of certain federal action.
****If Minnesota Housing does not obligate a specified share of the funds by September 30, 2021, the Federal government could recapture some of these funds.

For context, Table 2 describes the type of funding provided under each program, with more detailed descriptions of each program provided in Appendix B. Table 2 also provides the funding that we disbursed in 2019 and 2020, which are our two most recently completed program years. The 2022-2023 AHP numbers reflect the amounts that we anticipate making available for new awards over the next two years, while the 2019-2020 numbers reflect actual funds disbursed in two recent two years. Some programs move quickly from awards to disbursement, while others, particularly housing development, can take around two years.

Overall, we anticipate program activity to be about $1 billion higher for the next two years than it was in 2019 and 2020. Key changes include:

- **COVID-19 Housing Recovery Funds (lines 31-34).** We anticipate over $535 million in program activity over the next two years. These are very large one-time awards that will require a lot the agency's attention.

- **Homebuyer Financing and Home Refinancing (lines 1-3).** We are currently estimating an increase of about $170 million in home lending. The change is driven by increases in home prices and mortgage amounts.

- **Section 8 Project-Based Rental Assistance (line 18).** Under this program, we expect a $80 million increase for a couple of reasons. First, HUD has transferred to Minnesota Housing an additional 24 developments to administer; and second, with rising rents, the amount of assistance per unit is increasing. We are also anticipating additional transfers.

- **Home Improvement Lending (lines 6-7).** We expect to increase our home improvement lending by over $60 million, with particularly strong production under the Fix-Up Fund, which is our Home Improvement Loan Program.
- **Rental Production (lines 8-17)**. Across the ten programs listed, Table 2 shows a funding increase of over $60 million for the two years. Part of the increase is due to timing issues. Rental development projects can take two years to move from selection for funding to those funds being disbursed, with some projects taking less time and others taking more. With varying development timelines, the disbursement of funds can get uneven even when the amount awarded at initial selection is consistent over time. The funding for Low-Income Housing Tax Credits (line 10) is a perfect example of this. The program did not see a decrease in resources, but, in 2020, there was a smaller than typical number of tax-credit projects reaching the final stages of the funding process.
- **Housing Infrastructure Bonds (line 27).** We estimate a nearly $80 million increase from 2019-2020 activity levels. The 2022-2023 AHP includes a new $100 million allocation of Housing Infrastructure Bonds from the Legislature and about $20 million left from a previous authorization. The housing development timing issue described above is also a factor in the increase. The $100 million of new HIB resources includes legislatively designated amounts for single-family development ($18.333 million) and infrastructure needs in manufactured home communities ($15 million). Per state law, the new $100 HIB authorization is conditional, pending federal action.

Annual Household and Unit Projections

As shown in Table 3, we expect the resources in this AHP will assist on average roughly 100,000 households or housing units in each of the next two years. In the end, it is unlikely that there will be an even split. Given the need for a timely response to COVID-19 housing recovery, the number of households assisted will likely be higher and above 100,000 in 2022 and below 100,000 in 2023. Our household and housing unit estimates assume that all the resources shown in this AHP will be deployed. In the end, we probably fall short for some programs but may also exceed the resource estimates for other programs. Our Home Mortgage Loans, Multifamily First Mortgages, Home Improvement Loans are demand-driven and financed with resources that are less limited.

Table 3: 2022-2023 Forecast of Households or Housing Units Annually Assisted, by Program

	Program	Households or Units
	Homebuyer Financing and Home Refinancing	**4,890**
1	Home Mortgage Loans	4,890
2	Deferred Payment Loans	Included in First Mortgage Count
3	Monthly Payment Loans	
	Homebuyer/Owner Education & Counseling	**24,760**
4	Homebuyer Education, Counseling & Training (HECAT)	23,560
5	Homeownership Capacity	1,200
	Home Improvement Lending	**1,960**
6	Home Improvement Loan Program	1,680
7	Rehabilitation Loan Program (RLP)	280
	Rental Production- New Construction and Rehabilitation	**2,350**
8	Multifamily RFP/HTC/Pipeline Production	1,940
9	Multifamily First Mortgage	Part of RFP/ HTC/ Pipeline Total
10	Flexible Financing for Capital Costs (FFCC)	
11	Low-Income Housing Tax Credits (LIHTC)	
12	National Housing Trust Fund	
13	Housing Infrastructure Bonds (HIB) - Multifamily RFP	
14	Economic Development and Housing Challenge (EDHC)	
15	HOME	
16	Preservation - Affordable Rental Investment Fund (PARIF)	
17	Asset Management	150
18	Rental Rehabilitation Deferred Loan (RRDL)	190
19	Publicly Owned Housing Program (POHP)	0
20	Workforce Housing Development	70

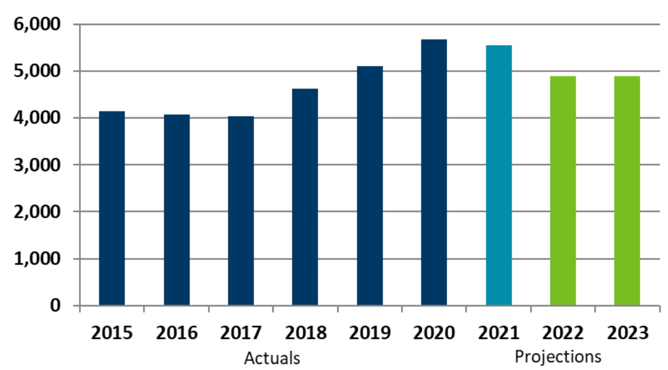
	Program	Households or Units
	Rental Assistance Contract Administration	**29,700**
21	Section 8 - Project-Based Rent Assistance	29,700
	Housing Stability for Populations Needing Extra Support	**8,920**
22	Housing Trust Fund (HTF)	2,300
23	Homework Starts with Home	320
24	Bridges	720
25	Section 811 Supportive Housing Program	160
26	Family Homeless Prevention and Assistance Program (FHPAP)	5,140
27	Housing Opportunities for Persons with AIDS (HOPWA)	280
	Multiple Use Resources	**1,470**
28	Impact Fund - EDHC and HIB	470
29	Single-Family Interim Lending	Part of Impact
31	Workforce Affordable Homeownership Program	50
32	Manuf. Home Comm. Redevelop. Program (Including HIB)	950
	COVID-19 Housing Recovery	**28,450**
33	RentHelpMN - Emergency Rental Assistance Program (ERAP)	25,000
34	HomeHelpMN - Homeowner Assistance Fund (HAF)	3,350
35	HOME-ARP (American Rescue Plan)	100
	Total	**102,500**

The following graphs show the number of households that we served in 2015 through 2020 (dark blue bars), and the households that we are projecting to serve in 2021 through 2023. The 2021 figures (light blue bars) are based on current projected awards, and the 2022 and 2023 figures (green bars) are based on the funds that are estimated to be available under this AHP. For these graphs, we have assumed an even split in resources between 2022 and 2023. Given the immediate need for COVID-19 housing recovery, it is possible that 2022 will have more activity than 2023 in the end. Also, particularly for the housing development program, projects can take two years for funds to be used after being selected for funding. Thus, some of these funds will not assist households until after 2023, but we show them in 2022 and 2023 to reflect the number of households that will eventually be assisted with funds awarded in those years.

Homebuyer Financing and Refinancing

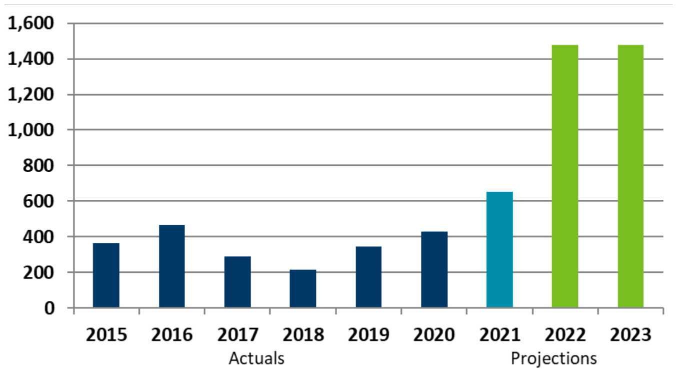
Figure 3 shows our historical home mortgage lending, which was around 4,000 mortgages in 2015 through 2017. It then increased in 2018 through 2020, reaching nearly 5,700. We are currently expecting production to taper off a bit to about 5,000 mortgages in both 2022 and 2023. From a dollar perspective, we expect to have a similar level of lending in the next two years as we did in 2020 and 2021, but with higher home prices and mortgage amounts, those funds will finance fewer mortgages. Historic low-interest rates have supported a high-level of mortgage lending the last couple of years. In addition, with a very limited inventory of homes selling for less than $250,000, low- and moderate-income borrowers face significant challenges in finding homes to buy.

Figure 3: Households/Homes Assisted – Home Mortgage Loans



In each of the next two years, we expect higher levels of activity under “other homeownership opportunities.” Typically, we see about 400 single-family homes financed each year. With just over $33 million of HIB resources being temporarily set-aside for (contingent on lack of federal action) to single-family development, including infrastructure for manufactured home communities, we are projecting annual production to jump to over 1,000 homes each year, which will be a stretch goal. The exact timing of the increase is dependent on how quickly the funds are deployed and used. It may take time to ramp up to that level of activity, with higher production in later years. (Figure 4 includes the single-family portion of the Economic Development and Housing/Challenge program, Housing Infrastructure Bond proceeds for single-family development, Single-Family Interim Lending, Workforce Affordable Homeownership Program, and Manufactured Home Redevelopment Program.)

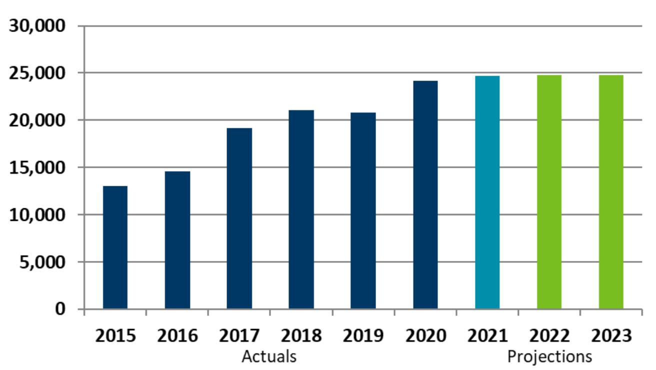
Figure 4: Households/Homes Assisted – Other Homeownership Opportunities



Homebuyer/Owner Education, Counseling and Coaching

As shown in Figure 5, education and counseling has been steadily increasing over the last few years. The addition of the Homeownership Center's online course called Framework, which is an alternative to traditional classroom training, has supported the increase. (Figure 5 includes Homebuyer Education, Counseling and Training (HECAT) and the Enhanced Homeownership Capacity Initiative.)

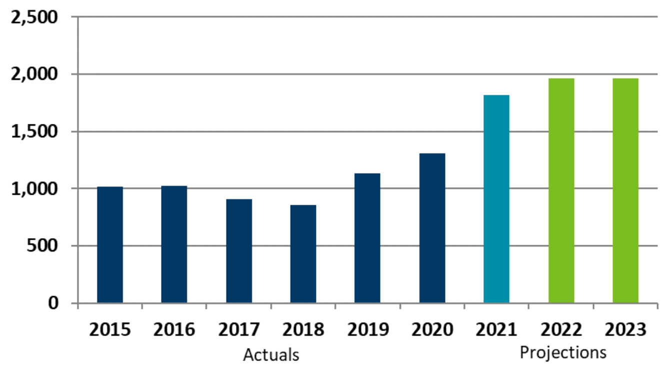
Figure 5: Households Assisted – Homebuyer/Owner Education and Counseling



Home Improvement Lending

Our home improvement production struggled a few years ago with the availability of home equity lines of credit and cash from mortgage refinancing limiting demand for our installment loans. With recent changes to the program that made it more desirable for borrowers and easier to administer, our lending volume increased significantly. We now expect the lending activity to be twice as high as it was just a few years ago. (Figure 6 includes both the Home Improvement Loan Program and the Rehabilitation Loan Program.)

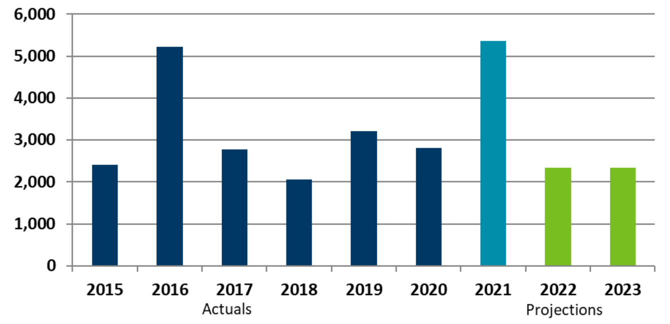
Figure 6: Households/Homes Assisted – Home Improvement Programs



Rental Production

In a typical year, the rental new constructions and rehabilitation that we finance varies between 2,000 and 3,000 units. Production is particularly high in years that have a large amount of state GO bond resources to finance the rehabilitation of public housing through our Publicly Owned Housing Program (POHP). Because the funding per unit is quite low (often less than $10,000 per unit), we can rehabilitate a large number of units with those funds. Even with potentially sizable HIB resources in 2022-2023, we expect production to be lower than recent years for a few reasons. First, the cost of construction is increasing, which limits the number of units we can finance. Second, after a temporary four-year increase in our 9% Low Income Housing Tax Credit allocation from the federal government, the allocation is going back to its traditional level. Third, due to loan repayments (which we recycle into new loans) and other factors, we had a larger-than-normal level of funding for a couple of the rental production programs in recent years. (Figure 7 captures all the programs in the rental production area and the multifamily portion of the Economic Development and Housing/Challenge and Housing Infrastructure Bond programs.)

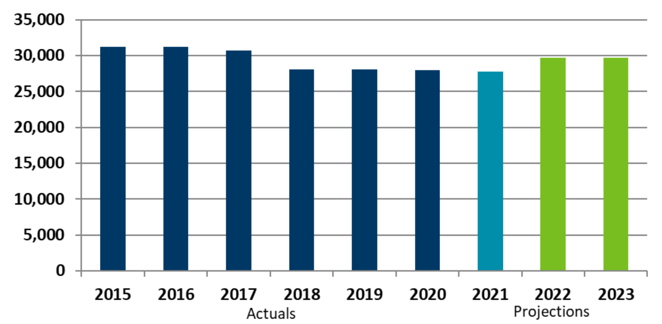
Figure 7: Units Assisted - Rental Production



Rental Assistance Contract Administration

Activity in Section 8 contract administration has been very steady (Figure 8). These are ongoing contracts that we administer, and the number of households served does not vary significantly from year to year. The number dropped slightly several years ago and is now coming back up. Due to federal budget uncertainties, HUD decided to take over the administration of 24 Section 8 properties, but we have since regained administration of those contracts. The households in these 24 properties continued to receive Section 8 assistance, but we did not administer it for a period.

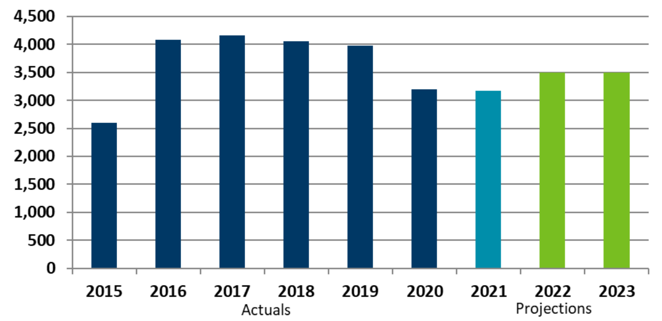
Figure 8: Households Assisted – Rental Assistance Contract Administration



Housing Stability for Populations Needing Extra Supports

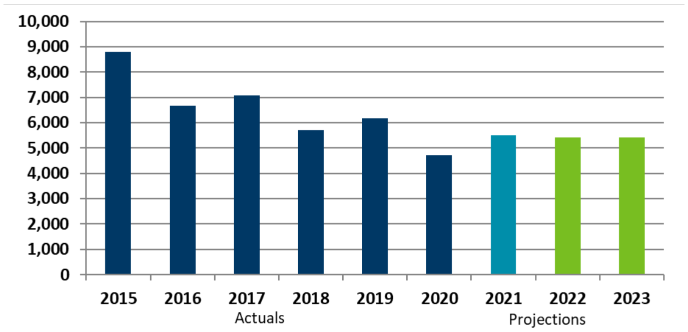
As shown in Figure 9, overall activity in rental assistance and operating subsidies declined after 2019 when the Minnesota Department of Human Services took over the administration of some operating subsidies in supportive housing developments that we had previously administered for them. (Figure 9 includes the four regular rental assistance programs and Housing Trust Fund operating subsidies.)

Figure 9: Households/Units Assisted – Agency Rental and Operating Assistance



The number of households assisted by the Family Homeless Prevention and Assistance Program (FHPAP) and Housing Opportunities for Persons with AIDS (HOPWA) (Figure 10) has declined in recent years because FHPAP has targeted clients needing more support, which requires more funding per household.

Figure 10: Household Assisted – Targeted Assistance – FHPAP and HOPWA



COVID-19 Housing Stimulus and Recovery

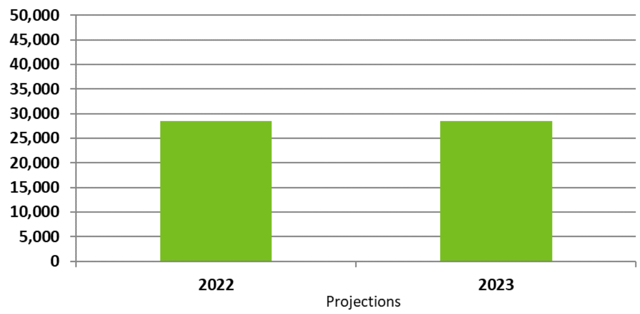
We launched our new RentHelpMN program in April 2021. It is still too early in the program to predict accurately how many households we will have assisted and when. Some renters may come in during 2021, receive assistance for six months of late rent, be done, and not show up in our 2022 or 2023 numbers. Others may come in for two months of assistance in 2021 and another 13 months across 2022 and 2023. Some renters may come in for assistance for the first time in 2022 or 2023. We currently estimate that about 60,000 Minnesota renter households are behind on their housing payments and are income-eligible for RentHelpMN, and thousands more need rental assistance going forward given their low incomes.

We don't know when homeowners will apply for and receive homeowner assistance, but we'll likely see a higher program activity in 2022. While we estimate that about 70,000 homeowner households in Minnesota are behind on their housing payments, we will only have the resources to serve about 6,700 over the course of the program.

The HOME-ARP program will assist additional individuals or households who are experiencing homelessness, or are at risk of homelessness, along with other vulnerable populations.

To show the relative size of these federally funded programs, Figure 11 shows the number of households that we expect to serve over 2022 and 2023, evenly split between the two years. In all likelihood, we will assist more households in 2022 than 2023, but it still unclear what the split will be. Some renters will be assisted in both years.

Figure 11: Household Assisted – COVID Recovery



End Notes

[1] Minnesota Department of Employment and Economic Development, Current Employment Statistics (through April 1, 2021).
[2] Minnesota Housing analysis of data from the Minnesota Department of Employment and Economic Development; https://mn.gov/deed/data/data-tools/unemployment-insurance-statistics/.
[3] Minnesota Housing estimate based on data provided by Black Knight Data & Analytics, LLC, Mortgage Bankers Association, Minnesota Multi-Housing Association, and U.S. Census Bureau's Pulse Survey and American Community Survey.
[4] Minnesota Housing analysis of data from the U.S. Census Bureau's American Community Survey (2019, 1-year sample).
[5] Minnesota Housing analysis of microdata from the U.S. Census Bureau's American Community Survey (2019, 1-year sample, IPUMS).
[6] HousingLink, Minneapolis and St. Paul Rental Housing Briefs (April 2021).
[7] Minneapolis Area Association of Realtors.
[8] Minnesota Housing analysis of data from the Metropolitan Council.
[9] Minneapolis Area Association of Realtors; this data applies to the 16 counties in and around the Twin Cities metro area.
[10] Minnesota Housing analysis of data from the U.S. Census Bureau's American Community Survey (2019, 1-year sample).
[11] Horowitz, Eng Ky, Starling and Tchourumoff, *Systemic Racism Haunts Homeownership Rates in Minnesota* (Minneapolis Federal Reserve Bank, February 25, 2021); https://www.minneapolisfed.org/article/2021/systemic-racism-haunts-homeownership-rates-in-minnesota#:~:text=Minnesota's%20homeownership%20gap%20is%20among%20the%20largest%20in%20the%20nation&text=In%201950%2C%20the%20gap%20in,now%2050%20percentage%20points%20wide.
[12] U.S. Department of Housing and Urban Development, Point-in-Time count.
[13] Project-basing involves tying a housing voucher to a specific housing development.
[14] The rent restriction is actually affordable at 30% of the Multifamily Tax Subsidy Project (MTSP), which is the Internal Revenue Service's version of HUD's area median income. They are nearly the same, but slightly different.
[15] These requirements and selection criteria apply to projects funded through our Consolidated Request for Proposals (RFP).
[16] Minnesota Realtors, June 2021 Monthly Indicators.
[17] Minnesota Realtors, June 2021 Monthly Indicators.
[18] The $5,000 average amount behind on rent is based on initial applications to the RentHelpMN program. The $9,000 average amount behind on principle, interest, taxes, insurance and other housing payments is based on data from Black Knight Data & Analytics, LLC and some modeling done by Minnesota Housing.
[19] Burcu Eyigungor, Federal Reserve Bank of Philadelphia Research Department, "Housing's Role in the Slow Recovery" Economic Insights (Second Quarter, 2016), p. 6.
[20] Lisa Rice and Deidre Swesnik, "Discriminatory Effects of Credit Scoring on Communities of Color" (Prepared for Symposium on Credit Scoring and Credit Reporting, sponsored by Suffolk University Law School and National Consumer Law Center, June 6 and 7, 2021).

Appendix A
Overview of Funding Sources

Appendix A-1: Overview of Funding Sources

Our strong balance sheet and financial resources are a key strength. This Appendix describes each of our funding sources and outlines how we will use them in 2022 and 2023. Table A-1 shows estimates of our planned program investments by funding source. Table A-2 is a crosswalk that shows how we currently plan to allocate resources from each source to each program.

Table A-1: 2022-2023 Estimated Program Investments by Funding Source

Program Category	2022-2023 Estimated Resources Available
Federal Resources	$1,064,079,609
State-Appropriated Resources	$164,442,853
Mortgage Capital from Bond or Agency Resources	$2,628,500,000
Housing Affordability Fund (Pool 3)	$96,500,000
Total	**$3,953,522,462**

Funding Source Descriptions

Federal Resources: There are various types of federal resources, including appropriations to the U.S. Department of Housing and Urban Development (HUD) that are made available to Minnesota Housing and Low-Income Housing Tax Credits from the Internal Revenue Service (IRS). For planning purposes, we generally assume that 2022 and 2023 HUD appropriations will remain at 2021 levels, which is subject to change. The amount of federal housing tax credits is based on a per capita formula. This AHP also includes about $535 million in one-time funding for COVID-19 housing recovery, doubling the federal funding that we typically receive.

State Appropriated Resources: The amount of funding is based on the 2022-2023 general fund budget adopted by the 2021 Minnesota Legislature. Any unused funds from previous year appropriations and repayments of loans are included.

Mortgage Capital from Bond or Agency Resources

State Capital Investments: These funds have traditionally come from the state capital budget (bonding bill) and include State General Obligation (GO) Bond and Housing Infrastructure Bonds (HIBs), for which the State pays the debt service. However, HIBs can be authorized through the regular appropriations and budget process, which occurred in 2019 and 2021.

Agency Bond Proceeds and Other Mortgage Capital: Bond proceeds are generated by the issuance of tax-exempt and taxable bonds. Certain tax-exempt bonding activity is limited statewide by IRS rules, which cap the amount of new issuance, making it a limited resource. We can also sell mortgage-backed securities backed by loans originated under our program on the secondary market.

Housing Investment Fund (Pool 2): We generate earnings from our lending and investment activities and reinvest them in a wide variety of housing programs. Most of our investment-earning assets are carried in the Housing Investment Fund, and most assets in Pool 2 produce revenue that supports our operations and programs. The earning assets that use Pool 2 funds are required to be of investment-grade quality.

Housing Affordability Fund (Pool 3): Pool 3 resources come from: (1) transfers from Pool 2 that capture a portion of the Agency's earnings, and (2) repayments or prepayments from loans previously funded under Pool 3. We can transfer Pool 2 earnings to Pool 3 only to the extent that we project that our aggregate net position will satisfy our Board policy and rating agency stress tests. Because Pool 3 has no earnings requirements, it is more flexible than Pool 2 and can be used for deferred loans and grants. However, Pool 3 is a more limited resource than Pool 2 because it is dependent on the transfer of earnings from Pool 2.

Table A-2: 2022-2023 Estimated Program Resources by Source

		2022-2023 Estimated Total	Federal Resources	State Appropriations	Mortgage Capital from Bond or Agency Resources	Housing Affordability Fund (Pool 3)
	Homebuyer Financing and Home Refinancing	**$2,321,770,000**	**$0**	**$6,770,000**	**$2,255,000,000**	**$60,000,000**
1	Home Mortgage Loans	$2,200,000,000	$0	$0	$2,200,000,000	$0
2	Deferred Payment Loans	$74,770,000	$0	$6,770,000	$8,000,000	$60,000,000
3	Monthly Payment Loans	$47,000,000	$0	$0	$47,000,000	$0
	Homebuyer/Owner Education and Counseling	**$6,063,174**	**$0**	**$4,063,174**	**$0**	**$2,000,000**
4	Homebuyer Education, Counseling and Training (HECAT)	$3,063,174	$0	$3,063,174	$0	$0
5	Enhanced Homeownership Capacity Initiative	$3,000,000	$0	$1,000,000	$0	$2,000,000
	Home Improvement Lending	**$116,544,000**	**$0**	**$7,544,000**	**$101,000,000**	**$8,000,000**
6	Home Improvement Loan Program	$101,000,000	$0	$0	$101,000,000	$0
7	Rehabilitation Loan Program (RLP)	$15,544,000	$0	$7,544,000	$0	$8,000,000
	Rental Production - New Construction and Rehabilitation	**$272,218,000**	**$60,296,000**	**$37,922,000**	**$150,000,000**	**$24,000,000**
8	Multifamily First Mortgage	$150,000,000	$0	$0	$150,000,000	$0
9	Flexible Financing for Capital Costs (FFCC)	$20,000,000	$0	$0	$0	$20,000,000
10	Low-Income Housing Tax Credits (LIHTC)	$20,996,000	$20,996,000	$0	$0	$0
11	National Housing Trust Fund	$18,506,000	$18,506,000	$0	$0	$0
12	HOME	$18,794,000	$18,794,000	$0	$0	$0
13	Preservation Affordable Rental Investment Fund (PARIF)	$24,436,000	$0	$24,436,000	$0	$0
14	Asset Management	$6,000,000	$2,000,000	$0	$0	$4,000,000
15	Rental Rehabilitation Deferred Loan (RRDL)	$9,486,000	$0	$9,486,000	$0	$0
16	Publicly Owned Housing Program (POHP)	$0	$0	$0	$0	$0
17	Workforce Housing Development	$4,000,000	$0	$4,000,000	$0	$0
	Rental Assistance Contract Administration	**$465,000,000**	**$465,000,000**	**$0**	**$0**	**$0**

18	Section 8 - Project-Based Rental Assistance	$465,000,000	$465,000,000	$0	$0	$0
	Housing Stability for Populations Needing Extra Support	**$66,655,679**	**$2,952,000**	**$63,703,679**	**$0**	**$0**
19	Housing Trust Fund (HTF)	$29,685,490	$0	$29,685,490	$0	$0
20	Homework Starts with Home	$3,500,000	$0	$3,500,000	$0	$0
21	Bridges	$9,940,589	$0	$9,940,589	$0	$0
22	Section 811 Supportive Housing Program	$2,385,000	$2,385,000	$0	$0	$0
23	Family Homeless Prevention and Assistance Program (FHPAP)	$20,577,600	$0	$20,577,600	$0	$0
24	Housing Opportunities for Persons with AIDS (HOPWA)	$567,000	$567,000	$0	$0	$0
	Multiple Use Resources	**$169,440,000**	**$0**	**$44,440,000**	**$122,500,000**	**$2,500,000**
25	Economic Development and Housing/Challenge (EDHC)	$34,650,000	$0	$34,650,000	$0	$0
26	Single-Family Interim Lending	$2,500,000	$0	$0	$2,500,000	$0
27	Housing Infrastructure Bonds	$120,000,000	$0	$0	$120,000,000	$0
28	Workforce Affordable Homeownership Program	$3,750,000	$0	$3,750,000	$0	$0
29	Manufactured Home Community Redevelopment Program	$3,750,000	$0	$3,750,000	$0	$0
30	Technical Assistance and Operating Support	$3,790,000	$0	$1,290,000	$0	$2,500,000
31	Local Housing Trust Fund Grants	$1,000,000	$0	$1,000,000	$0	$0
	COVID-19 Housing Recovery	**$535,831,609**	**$535,831,609**	**$0**	**$0**	**$0**
32	RentHelpMN - Emergency Rental Assistance Program (ERAP)	$400,000,000	$400,000,000	$0	$0	$0
33	HomeHelpMN - Homeowner Assistance Fund (HAF)	$109,364,448	$109,364,448	$0	$0	$0
34	HOME - ARP (American Rescue Plan)	$26,467,161	$26,467,161	$0	$0	$0
	AHP Total	**$3,953,522,462**	**$1,064,079,609**	**$164,442,853**	**$2,628,500,000**	**$96,500,000**

Appendix B
Program Descriptions

Contents

Notes on reading the program descriptions:

- "Housing Investment Fund" and "Pool 2" refer to the same resource, which is described in Appendix A.
- "Housing Affordability Fund" and "Pool 3" refer to the same resource, which is described in Appendix A.
- The sum of the projections for the number of housing units or households assisted by individual programs during the plan period exceed the total number of households projected to be served across all programs. This occurs because some households or housing units will receive assistance from multiple programs to achieve needed affordability levels.
- The projections for the number of households or units assisted generally are based on the average assistance per household or unit for the last five years, by program, adjusted for inflation and program trends and changes.
- The funding levels described in the narratives are estimates of the amounts we expect to deploy in 2022-2023. The number of households the Agency expects to serve with each funding source is an estimate, and the final numbers will depend on actual expenditures and will be reported in the annual Program Assessment Report.
- "Program" is used broadly throughout the Affordable Housing Plan to refer to Minnesota Housing programs, initiatives and activities.

HOMEBUYER FINANCING AND HOME REFINANCING

Home Mortgage Loans

We offer two home mortgage programs – Start Up, serving first-time home buyers, and Step Up, for borrowers who do not qualify for Start Up. Step Up offers both purchase and refinance options. Under the programs, participating lenders originate fully amortizing first mortgages throughout the state. To support home mortgage borrowers, we also offer downpayment and closing cost loans structured to meet the needs of low- and moderate-income homeowners. To promote successful homeownership, our home mortgage programs also require at least one borrower in a first-time homebuyer household to complete homebuyer education.

In our current business model for homeownership, we access capital to finance the purchase of mortgage-backed securities containing our program mortgages primarily by selling bonds in the municipal bond market. Program mortgages not eligible for bond sales are sold on the secondary market.

We remain committed through our programs to serve Black and Indigenous households, households of color, and households with incomes below 80% of area median income.

Current household income limits for Start Up:

Property Location	Maximum Household Income	
	1-2 person	3 or more
Minneapolis/Saint Paul Metro Area (11-county)	$104,900	$120,600
Dodge and Olmsted Counties	$101,200	$116,300
All Other Counties	$93,100	$107,000

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$156,800
Dodge and Olmsted Counties	$156,800
All Other Counties	$139,200

Purchase price limits for Start Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$352,300
All Other Counties	$311,900

Purchase price limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area 11-county)	$402,500
All Other Counties	$356,362

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5,667 loans
- $1,122,941,722 total loan amount
- $198,155 average loan
- A median household income of $63,116 or 69% of the statewide median family income
- 33% of households were Black, Indigenous or households of color overall, and 34% of first-time Start Up borrowers were Black, Indigenous or households of color

Our home mortgage programs are experiencing high production, which is heavily supported by downpayment and closing-cost loans. Ninety-seven percent of home mortgage borrowers use some type of downpayment and closing-cost loan, which is comparable with other top-producing housing finance agencies nationally.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2.2 billion. Industry changes or changes in market conditions could affect production.

Based on resources available for new activity, we expect to finance mortgages for about 4,890 households each of the two years. Reducing the homeownership disparity for Black, Indigenous and households of color will continue to be a priority.

Deferred Payment Loans

We offer two downpayment and closing-cost loans—Deferred Payment Loans (DPLs) and Monthly Payment Loans (MPLs)—that support homeowners receiving Start Up and Step Up first mortgage loans. For the past two years, approximately 97% of our borrowers have received one of these downpayment and closing-cost loans.

The Deferred Payment Loan provides an interest-free, deferred loan for downpayment and closing costs to income-eligible first-time homebuyers purchasing a home under the Start Up program. Borrowers that receive DPL lack the necessary funds for standard mortgage downpayment and closing costs. The maximum loan amount is $15,000. The program serves lower income households than the amortizing Monthly Payment Loan and is funded through a combination of state appropriations and Pool 3 funds.

To ensure that funds support successful homeownership, DPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or $1,000 and have a credit score of at least 640.

Current income limits are adjusted by household size. Limits for households of one to two members are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$72,000
Dodge and Olmsted Counties	$72,000
All Other Counties	$64,000

Current purchase price limits are:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$330,100
All Other Counties	$283,300

Current purchase price limits match the Start Up program purchase price limits.

Program Performance and Trends

The availability of DPL is a driver of overall home mortgage production, particularly among lower-income and more targeted borrowers. DPL has been our most effective tool for serving Black and Indigenous communities and communities of color.

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 3,361 loans
- $29,293,275 total loan amount
- $8,716 average loan
- A median household income of $53,899 or 59% of the statewide median income
- 36% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $74,770,000.

If home mortgage demand is very strong, additional resources may be needed to support DPL, or we will have to make program changes.

Based on resources available for new activity, we expect to support 3,120 households each of the two years.

Monthly Payment Loans

Monthly Payment Loans (MPLs) are interest-bearing, amortizing loans that provide downpayment and closing-cost funds. MPLs support our Start Up and Step Up home mortgage loan programs. Borrowers who qualify for MPLs receive up to $17,000. MPLs use Pool 2 resources and have a 10-year term with an interest rate equal to that of the first mortgage.

To ensure that funds support successful homeownership, MPL requires borrowers to contribute a minimum cash investment of the lesser of one percent of the purchase price or $1,000 and have a credit score of at least 640.

Current household income limits for Start Up:

Property Location	Maximum Household Income	
	1-2 person	3 or more
Minneapolis/Saint Paul Metro Area (11-county)	$100,000	$115,000
Dodge and Olmsted Counties	$93,800	$107,800
All Other Counties	$88,600	$101,800

Current income limits for Step Up:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$149,500
Dodge and Olmsted Counties	$149,500
All Other Counties	$132,500

Purchase price limits:

Property Location	Maximum
Minneapolis/Saint Paul Metro Area (11-county)	$330,100
All Other Counties	$283,300

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,995 loans
- $21,443,919 total loan amount
- $10,749 average loan
- A median household income of $81,180 or 88% of the statewide median income
- 30% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $47,000,000.

We anticipate approximately one-third of overall home mortgage production will involve MPL. MPL production is subject to overall home mortgage production trends, the interest-rate environment, the overall percentage of our borrowers who need a downpayment and closing-cost loan, and program design. Given that MPL is available with both home mortgage options, the demand for MPL depends upon the demand for first mortgage loans.

Based on resources available for new activity, we expect to fund loans for 1,680 households each of the two years.

HOMEBUYER/OWNER EDUCATION AND COUNSLEING

Homeownership Education, Counseling and Training (HECAT) Fund

The Homeownership Education, Counseling and Training (HECAT) Fund supports comprehensive pre-purchase services, including: in-person homeownership education (Home Stretch and Realizing the American Dream), homeownership services (financial wellness and homebuyer counseling), home equity conversion (reverse mortgage) counseling, and foreclosure prevention counseling. Besides the state appropriation, Family Housing Fund, Greater Minnesota Housing Fund and the Minnesota Homeownership Center have annually contributed up to a total of $550,000 to the program. We award the funds through a competitive annual Request for Proposals (RFP) process. The online homeownership education course, Framework, is an alternate option to HECAT-funded homeownership education.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 6,986 households served through the traditional HECAT program and an additional 16,169 households through Framework
- $1,424,595 total funding
- $204 average Minnesota Housing assistance per household
- A median household income of $41,498 or 45% of the statewide median income
- 56% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,063,174, of which is contingent on funds being made available by partner organizations.

About 23,560 households will receive homebuyer/owner education and counseling each of the two years (including online Framework training).

Enhanced Homeownership Capacity Initiative

Black, Indigenous and households of color are an increasing share of the state's population, yet Minnesota's homeownership disparity (the homeownership rate differential between white/non-Latinx households and Black Indigenous and households of color) is the fourth highest in the nation. These households often struggle to access the mortgage market.

The Homeownership Capacity program is funded with Pool 3 resources and state appropriations and provides intensive financial education, coaching and case management services to prepare families for sustainable homeownership. It serves a range of households but has targeted efforts to reach households of color and low- to moderate-income households to increase their probability of successful homeownership.

This initiative supports new and expanded homeowner training efforts through existing organizations, which leverage funds from several sources. In the most recent round of funding, 15 organizations will provide services – eight in the Twin Cities metro, four in Greater Minnesota, two in both areas, and one statewide.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,010 households served
- $1,253,009 total grant amount
- $1,241 average Minnesota Housing funding per household
- A median household income of $42,000 or 46% of the statewide median income
- 83% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,000,000.

Based on the resources available for new activity, we anticipate serving approximately 1,200 households each of the two years.

HOME IMPROVEMENT LENDING

Home Improvement Loan Program

The Home Improvement Loan Program (including Fix Up and Community Fix Up Loans) uses Pool 2 resources to provide fully amortizing home improvement loans to low- and moderate-income homeowners to improve the livability and energy efficiency of their homes. The Community Fix Up component is an add-on for eligible Fix Up lending partners and provides affordable financing to support community partnerships that target resources. Lending partners working with Community Fix Up may offer a slightly lower interest rate compared to the regular Fix-Up Loan Program by using leveraged funds. Fix Up and Community Fix Up loans are key tools for addressing the state's aging housing stock.

The program serves a broad range of incomes and promotes economic diversity in lending. With higher loan-to-value limits than traditional loan products and an unsecured loan option, borrowers are able to improve and preserve their homes when other financing options may not be available to them.

Income limit:

Property Location	Income Limit
Minneapolis/Saint Paul Metro Area (11-county)	$156,800
Dodge and Olmsted Counties	$156,800
All Other Counties	$139,200

(No Income limit for unsecured energy incentive and secured energy or accessibility loans.)

Maximum loan amount:

- $75,000 for secured loans
- $25,000 for unsecured loans and secured energy or accessibility loans

Program Performance and Trends

For the Program Assessment period of October 1, 2019 —September 30, 2020, we reported:

- 1,097 loans
- $24,083,355 total loan amount
- $21,954 average loan
- A median household income of $78,587 or 86% of the statewide median income
- 11% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $101,000,000.

Based on current loan production trends and the resources available for new activity, we anticipate serving approximately 1,680 households each of the two years.

Rehabilitation Loan Program (RLP)

The Rehabilitation Loan Program (RLP) provides zero-interest, deferred loans to extremely low-income homeowners at or below 30% of the area median income (AMI) to improve the safety, livability, or energy efficiency of their homes. The homes are rehabilitated to the greatest extent practicable to meet rehabilitation standards. Homeowners who need emergency assistance or have an essential accessibility need are referred to the Emergency and Accessibility Loan component of the program.

A network of over 30 lender partners, such as community action agencies and local units of government, administer the program throughout the state. The maximum loan term is 15 years for properties taxed as real property and 10 years for manufactured homes taxed as personal property and located in a manufactured home community. All loans are forgiven after the loan term if the borrower does not sell, transfer title, or cease to occupy the property during the loan term.

Current income limits are adjusted by household size, from $22,100 for a single person household to $31,500 for a four-person household. Other borrower assets cannot exceed $25,000.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 212 loans
- $4,662,685 total loan amount
- $21,994 average loan
- A median household income of $15,591 or 17% of statewide median income
- 9% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $15,544,000.

Based on resources available for new activity, we expect to fund rehabilitation loans for approximately 280 households each of the two years.

RENTAL PRODUCTION

Multifamily First Mortgages

We make available Multifamily First Mortgages through our Low and Moderate Income Rental (LMIR) program, using resources from Pool 2 and Agency bond proceeds. Direct loans are generally made under LMIR in combination with HUD's Risk-Sharing Program.

The LMIR program makes interest-bearing, amortizing first mortgages available for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. LMIR loans include both rent and income restrictions. We also finance construction (bridge) loans under this program. Financing is available to housing sponsors both through the Request for Proposals (RFP) process and on a year-round basis. To enhance LMIR loans, we may also offer a companion low- or no-interest, deferred loan under the Flexible Financing for Capital Cost (FFCC) program, resulting in a lower overall interest rate on a blended basis.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% area median income; and the balance of units may have rents at the Minnesota Housing determined "market rate."

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; [1] or 20% of units must be occupied by households with incomes at 50% or less of area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 18 loans for developments with 1,176 units
- $81,544,844 total loan amount
- $69,341 average LMIR assistance per unit
- A median household income of $26,190 or 29% of the statewide median income
- 59% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $150,000,000 for both permanent first mortgages and construction loans.

Based on resources we expect to be available for new permanent first mortgages, we expect to finance roughly 840 rental units in each of the two years.

Flexible Financing for Capital Costs (FFCC)

We provide Flexible Financing for Capital Costs (FFCC) deferred loans at low or no interest, using Pool 3 resources. FFCC is generally available only in conjunction with Agency-originated first mortgage loans for the refinance, acquisition, rehabilitation, new construction or conversion of rental developments that house low- and moderate-income Minnesotans. FFCC loans may also be used in tandem with Housing Infrastructure Bond (HIB) loans to fund costs not otherwise eligible from HIB proceeds. Loans include both rent and income restrictions.

Current rent restrictions: a minimum of 40% of units must be affordable to households with incomes at 60% of the area median income; or 20% of units must be at affordable to households with incomes at 50% of the area median income; and the balance of units may have rents at the Minnesota Housing determined “market rate.”

Current tenant income restrictions: 40% of units must be occupied by households with incomes at 60% or less of the area median income; or 20% of units must be occupied by households with incomes at 50% or less of the area median income; and 25% of units may be occupied by households with unrestricted incomes. The balance of the units may be occupied by households with incomes equal to or less than 100% of the area median income.

[1] It is actually 60% of MTSP (Multifamily Tax Credit Subsidy Projects), which is very similar to AMI (area median income). We are using AMI in this explanation because it is a more widely used term.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5 FFCC loans for developments with 560 units
- $9,069,000 total loan amount
- $16,195 average FFCC assistance per unit

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $20,000,000.

Based on resources available for new activity, we expect to finance about 470 rental units in each of the two years.

Low-Income Housing Tax Credits (LIHTC)

Low-Income Housing Tax Credits provide federal income tax credits to owners and investors in the construction or acquisition/substantial rehabilitation of eligible rental housing. The U.S. Department of Treasury's Internal Revenue Service (IRS) allocates 9% tax credits based on state population and a per capita amount that increases each year with the cost of living. Syndication proceeds are the amounts of private equity invested in developments as a result of federal LIHTC awarded and then sold to investors. The award of 9% LIHTCs to developments is a highly competitive process, with requests far exceeding available credits. Housing financed with 9% LIHTCs must meet income and rent restrictions for a minimum of 30 years.

The Minnesota Legislature designated Minnesota Housing as the primary allocating agency of LIHTC in Minnesota and qualified local cities and counties as suballocators.

We award 9% tax credits in two rounds of a competitive allocation process held each year. Round 1 is held concurrent with our Consolidated Request for Proposals, and a smaller Round 2 is traditionally held early in the next calendar year. We establish a waiting list of unfunded or partially funded applications at the conclusion of Round 2.

Section 42 of the Internal Revenue Code requires that tax credit allocating agencies develop an allocation plan for the distribution of the tax credits within the jurisdiction of the allocating agency. Our Qualified Allocation Plan (QAP) includes selection criteria and preferences required by Section 42 and deemed appropriate to local conditions and established by us based on input from the public, partners and stakeholders.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 141 LIHTC units receiving 9% tax credits
- $23,232,952 in syndication proceeds (investor equity from the sale of credits)

- $164,773 average syndication amount per unit
- A median household income of $22,103 or 24% of the statewide median income
- 50% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

We estimate that that Minnesota Housing will allocate $20,996,000 in 9% tax credits in 2022-2023, which should generate about $190 million in syndication proceeds for the two years combined.

Based on the resources available for new activity, we expect to allocate tax credits to support 570 rental units in each of the two years.

National Housing Trust Fund (NHTF)

The National Housing Trust Fund (NHTF) is an affordable housing production program that complements existing federal, state and local efforts to increase and preserve the supply of safe, affordable housing for extremely low-income households, including families experiencing homelessness. The Fund is capitalized through contributions from the government sponsored enterprises Fannie Mae and Freddie Mac and administered by U.S. Department of Housing and Urban Development.

The program provides financing for:

- New construction,
- Acquisition with rehabilitation,
- Rehabilitation without acquisition, or
- Operating subsidies for one of the above developments that produces new units meeting the permanent supportive housing strategic priority (up to 30% of the grant)

Current Rent Restrictions: Rents for an extremely low-income tenant shall not exceed affordability at 30% of the area median income (AMI).

Current Income Restrictions: NHTF-assisted units must be occupied by households with incomes at or below 30% of the AMI.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020 we reported:

- 1 loan for development with 40 units
- $2,511,840 total loan amount
- $62,796 average NHTF assistance per unit

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $18,506,000.

Based on the resources available for new activity, we expect to support 120 units in each of the two years.

HOME

HOME provides deferred loans for new construction, rehabilitation or acquisition/rehabilitation of permanent affordable rental housing, including housing with state or federal project-based rental subsidies. The program is funded with federal appropriations.

We allocate HOME funds through the annual Request for Proposals (RFP) process.

Tenant income limit: The U.S. Department of Housing and Urban Development (HUD) annually sets limits for the HOME program.

Rent limits: HUD annually sets limits for the HOME program.

Maximum assistance amount: HUD annually sets the maximum per-unit subsidy.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 2 loans for developments with 34 units
- $7,324,462 total loan amount
- $215,435 average HOME assistance per unit
- A median household income of $12,205 or 13% of the statewide median income
- 56% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $18,794,000, which a substantial increase from previous years.

Based on resources available for new activity, we expect to fund about 100 rental units in each of the two years.

Preservation Affordable Rental Investment Fund (PARIF)

PARIF provides loans to fund the preservation of: 1) permanent affordable rental housing with federal project-based rent subsidies that are in jeopardy of being lost, and 2) existing supportive housing developments. Eligible activities under PARIF include rehabilitation, acquisition and rehabilitation, and debt restructuring.

We allocate PARIF funds, which are state appropriations, through our annual Request for Proposals (RFP) process and on a year-round basis, if funding is available.

This program is a critical tool in the long-term preservation of expiring project-based Section 8 contracts, properties with Rural Development rental assistance, and other project-based federally assisted housing.

Tenant income limit: PARIF is subject to the federal guidelines for the units being preserved.

Maximum assistance amount: None

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- No PARIF projects completed the financing process in FFY 2020

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $24,436,000.

Based on resources available for new activity, we expect to fund 290 rental units in each of the two years.

Asset Management

Under the Asset Management program, resources are available on a year-round basis and are designed to fund properties with immediate critical health and life safety needs. Properties with financing from Minnesota Housing are eligible, including those with existing affordability restrictions or rental assistance contracts administered by Minnesota Housing. Because we prioritize properties already in Minnesota Housing's portfolio, referrals primarily come from Minnesota Housing's asset management and compliance staff.

Under the Asset Management program, we can provide a range of loan types, including interest-bearing, non-interest bearing, amortizing and/or deferred loans.

Owners receiving funds under this program must agree to extend affordability restrictions to be coterminous with the new loan.

Funding for Asset Management comes from two sources: (1) Financing Adjustment Factor (FAF)/Financing Adjustment (FA), and (2) Pool 3. FAF/FA are federal funds and come from a financing agreement between the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we provided $3,049,743 in asset management assistance for 289 units in four developments.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $6,000,000.

Based on resources available for new activity, we expect to fund about 150 rental units in each of the two years.

Rental Rehabilitation Deferred Loan Pilot Program (RRDL)

RRDL provides deferred loans at no interest to individuals, developers, nonprofits, units of government, and tribal housing corporations for the moderate rehabilitation of existing affordable permanent rental housing outside of the metro area. The program is funded with state appropriations and designed to serve owners of smaller properties that do not apply or would not be competitive in our regular Consolidated Request for Proposals (RFP) process.

RRDL funds are available through targeted Request for Proposals. Owners may apply directly to Minnesota Housing for RRDL funds. Loan terms range from 10 to 30 years depending on the loan amount. Properties containing eight or more units may apply for loans where 10% of the loan amount is forgiven after the loan term has been met.

Current tenant income limit: 80% of the greater of the statewide or area median income (AMI) for a family of four, not adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 5 loans for developments with 86 units
- $1,344,928 total loan amount
- $15,639 average RRDL assistance per unit
- A median household income of $17,125 or 19% of the statewide median income
- 15% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $9,486,000.

Based on resources available for new activity, we expect to fund about 190 rental units in each of the two years.

Publicly Owned Housing Program (POHP)

Through the Publicly Owned Housing Program (POHP), we provide deferred, forgivable loans at no interest to eligible public housing authorities or housing and redevelopment authorities to preserve/rehabilitate properties that they own and operate under HUD's Public Housing program. The program is funded with state General Obligation (GO) bond proceeds, which can be used only for eligible capital costs of a non-recurring nature that add value or life to the buildings.

POHP funds are available through targeted Request for Proposals. Owners may apply directly to Minnesota Housing for POHP funds. Loans are structured with a 20-year term and a 35-year compliance period. The loan amount is forgiven after the loan term has been met.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 16 loans for developments with 996 units
- $9,655,756 total loan amount
- $9,695 average POHP assistance per unit
- A median household income of $11,676 or 13% of the statewide median
- 24% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $0; however, if the Legislature passes next year a capital investment bill with GO bonds for this program, resources will be available.

Based on resources currently available for new activity, we expect to fund no rental units in each of the two years.

Workforce Housing Development Program

This competitive program targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Funds may be used for qualified expenditures that result in the direct development of rental properties, including: (1) acquisition of a property, (2) construction or improvements, or (3) provision of loans, grants, interest rate subsidies, public infrastructure and related financing costs. Funds are targeted to proposals with the greatest proportion of market-rate units but can be used for developments with rent and income restrictions imposed by other funding sources for some units. Communities with 30,000 or fewer residents have a funding priority.

Funding is available under a stand-alone request for proposals (RFP). Proposals are ranked and scored according the Workforce Housing Development Program statute. Proposed rents are evaluated against the current and projected jobs and wages within the community. Funding is solely from state appropriations.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4 loans for developments with 99 units
- $2,806,020 total loan amount

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $4,000,000.

Based on resources available for new activity, we expect to fund about 140 rental units over the two years. We plan to have just one RFP, which will occur later this year, over the two years.

RENTAL ASSISTANCE CONTRACT ADMINISTRATION

Section 8 – Project-Based Rental Assistance

The Housing and Community Development Act of 1974 created the project-based Section 8 Housing Assistance Payments Program. Under the program, the U.S. Department of Housing and Urban Development (HUD) entered into contracts with property owners to provide rental assistance for a fixed period of time for families with incomes no greater than 80% of the area median income. No new development has been funded under this program since the mid-1980s; however, HUD and the agency collaborate to not only preserve and extend existing contracts but also transfer project-based budget authority from developments with owners that want to exit the program to partially-assisted or previously-unassisted properties. Under existing contracts, tenants pay no more than 30% of adjusted household income for rent. HUD pays the difference between tenant rent payments and the contract rent of assisted units.

We provided permanent mortgage financing for more than 235 Section 8 Traditional Contract Administration (TCA) properties developed from 1975 to the mid-1980s. We currently manage 18 of these TCA contracts. Most have been converted to Performance-Based Contract Administration (PBCA) contracts.

Through a contract with HUD under the Performance Based Contract Administration (PBCA) authority, the agency, as a PHA, administers existing project-based Section 8 contracts for another 506 properties, which is expected to increase as more contracts convert to PBCA.

Under these contracts, the agency helps administer this important federal program, including performing management and occupancy reviews, processing contract renewals and annual rent adjustments, processing monthly payment vouchers, responding to tenant concerns, and following up on Real Estate Assessment Center physical inspections. In addition to ensuring that this deeply affordable housing resource remains viable and in compliance with federal requirements, these activities assist us in identifying and planning for the preservation needs of developments with Section 8 assistance.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

TCA

- 4,481 households assisted
- $29,384,173 in Housing Assistance Payments (HAP)
- $6,558 average HAP assistance per household
- A median household income of $12,502 or 14% of the statewide median income
- 23% of households were Black, Indigenous or households of color

PBCA

- 23,438 households assisted
- $170,763,266 in Housing Assistance Payments (HAP)
- $7,286 average (HAP) assistance per household
- A median household income of $12,680 or 13% of the statewide median income
- 38% of households were Black, Indigenous or households of color

Geographic distribution of developments is important in understanding differences in assistance (and tenants assisted) between PBCA and TCA. A greater proportion of PBCA units are in the Twin Cities Metropolitan Area than TCA units.

Expected Activity for 2022-2023

Our current PBCA agreement with HUD has been extended several times. The Agency continues to work with HUD regarding extensions to that agreement and the possibility of a federal RFP regarding PBCA services in the future. We currently manage 506 PBCA contracts under this agreement. PBCA revenue earned through administration of the contracts pays 100% of the cost of administering the program.

The estimated 2022-2023 resource availability is $465,000,000.

Based on resources available for new activity, we expect to support about 29,700 rental units each of the two years.

HOUSING STABILITY FOR POPULATIONS NEEDING EXTRA SUPPORT

Housing Trust Fund (HTF)

Historically, funding for the HTF has been used to fund capital, rental assistance and operating subsidy expenses. In recent years, we have used HTF state appropriations for rental assistance and operating subsidies at some developments previously financed by Minnesota Housing. Households served by HTF include High Priority Homeless (HPH) families and individuals, defined as households prioritized for permanent supportive housing by the Coordinated Entry System for homelessness services.

Current tenant income limit: 60% of the area median income (AMI) for the Minneapolis/Saint Paul metro region, with priority for proposals at 30% of AMI and proposals to serve High Priority Homeless households.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 1,464 households assisted
- $9,969,447 in total disbursements
- $8,638 average HTF assistance per household
- A median household income of $9,636 or 11% of the statewide median income
- 62% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Minnesota Housing provides HTF rental assistance and operating subsidies under two-year contracts with local administrators. For rent assistance, we entered into new two-year contracts in October 2021. For operating subsidies, we will issue a Request for Proposal in 2022.

The estimated 2022-2023 resource availability is $29,685,490.

Based on resources available for new activity, we expect to support about 2,300 renter households each of the two years.

Expected Activity for 2022-2023

Based on resources available, we expect to provide rental assistance for an estimated 1,690 households and assist 810 units through operating subsidies.

Homework Starts with Home

Homework Starts with Home is a state-funded program that provides rent assistance and other supports to families with school-age children experiencing housing instability. We administer it in partnership with the Department of Education (MDE) and others. The program was created in response to the increasing number of students experiencing homelessness and is built upon the successful Rental Assistance Pilot for Homeless and Highly Mobile Families. The program serves students and their families who are homeless or at imminent risk of homelessness, including: (a) families with children eligible for a pre-Kindergarten through grade 12 academic program and (b) youth (with or without children of their own) who are eligible for an academic program and facing housing instability without their parent or guardian. The goals of the program are to create housing stability as well as improve academic achievement.

In 2018, the Homework Starts with Home was started with $4.15 million of one-time funding from Housing Trust Fund (rent assistance), the Family Homeless Prevention and Assistance Program (other supports), and the Heading Home Minnesota Funders Collaborative (other supports). In the 2020-2021 biennial budget from the state Legislature, Homework Starts with Home became a standalone program.

A collaborative approach involving local housing organizations, schools and service providers is a key feature of the local program design.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 191 households assisted
- $1,028,176 in total disbursements
- $5,383 average Homework Starts with Home assistance per unit
- A median household income of $8,052 or 9% of the statewide median
- 77% of households were Black, of color or from Indigenous communities

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,500,000.

Based on resources available for new activity, we expect to support about 320 renter households each of the two years.

Bridges

Bridges is a state-funded rental assistance program for people with a mental illness. The program goal is to assist individuals so they can live in integrated settings in their communities until a permanent housing subsidy is available. Bridges operates in selected counties throughout the state and is administered through local housing organizations. The Minnesota Department of Human Services and Minnesota Housing collaborate in the administration of this program.

Tenants are responsible for a portion of the rent, which is generally equal to 30% of their income.

Bridges is an important component of Minnesota Housing's contribution to achieving the goals of both the Minnesota's Olmstead Plan and the state's Plan to Prevent and End Homelessness. In 2015, the program started prioritizing households with:

- Persons residing in an institution, segregated setting, or under correctional supervision who will be homeless upon exit,
- Persons experiencing homelessness who are assessed as High Priority Homeless (HPH) through the Coordinated Entry (CE) system, and

- People experiencing or at imminent risk of homelessness.

Current tenant income limit: 50% of the area median income.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 755 households assisted
- $3,806,855 in total disbursements
- $6,911 average Bridges assistance per household
- A median household income of $10,368 or 11% of the statewide median income
- 32% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Bridges funds rent assistance under two-year contracts with local administrators. Minnesota Housing entered into the most recent contracts in July 2021.

The estimated 2022-2023 resource availability is $9,940,589.

Based on resources available for new activity, we expect to support about 720 renter households each of the two years.

Section 811 Supportive Housing Program

Section 811 is a federal program through which the U.S. Department of Housing and Urban Development (HUD) has provided funding to states for project-based rental assistance to create integrated, cost-effective supportive housing units for people with disabilities. The goals of the program are to:

- Increase housing opportunities for people with disabilities,
- Transition people with disabilities from institutions to community-based settings,
- Reduce public costs of homelessness and institutional care,
- Create a centralized outreach and referral system for people with disabilities, and
- Develop new service linkages.

We implement the program in partnership with the Minnesota Department of Human Services (DHS). DHS staff coordinates all outreach, screening and referrals for 811 units and works with property owners to ensure support services are offered to tenants.

The state enters into contracts with selected public and private rental property owners for a minimum of 20 years, with initial funding for a period of five years. Funding beyond the first five years is subject to federal appropriations. The project-based rent assistance covers the difference between the tenant's payment and the approved gross rent. A small portion of the grant is used to pay for administrative expenses.

The Section 811 program is an important tool for achieving the goals of the Olmstead Plan to provide integrated housing options for people with disabilities. It is a unique opportunity to expand supportive housing for people with disabilities and leverage Medicaid resources for services.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 146 households assisted
- $952,777 in total disbursements
- $6,526 average Section 811 assistance per household
- A median household income of $10,368 or 11% of the statewide median income
- 53% of households were Black, Indigenous or households of color

HUD initially awarded Minnesota $3 million for up to 85 units of project-based rental assistance. We awarded all this funding for 84 project-based rental assistance subsidies (one unit less than the original goal of 85 units). In 2015, we received a second round of funding for an additional 75 units, which were awarded to existing or new properties through the Multifamily Consolidated RFP process in 2015 through 2017. As these projects are completed and the units lease up, the number of households assisted will increase.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2,385,000.

Based on resources available for new activity, we expect to support about 160 renter households each of the two years.

Family Homeless Prevention and Assistance Program (FHPAP)

Under FHPAP, we assist families with children, unaccompanied youth, and single adults who are homeless or are at imminent risk of homelessness. Funds are used for a broad range of purposes aimed at preventing homelessness, shortening the length of stay in emergency shelters, eliminating repeat episodes of homelessness, and assisting individuals and families experiencing homelessness to secure permanent affordable housing.

FHPAP assists extremely low-income people primarily through short-term rent assistance (limited to 24 months but typically less than three months), security deposits, utilities and transportation assistance, and case management services. FHPAP grants also encourage and support innovations at the county, region or local level for a more seamless and comprehensive homelessness response system.

Grant funds are awarded through a competitive Request for Proposals (RFP) process. In the seven-county Twin Cities metro area, only counties are eligible to apply for funding. In Greater

Minnesota, eligible applicants include counties, groups of contiguous counties acting together, community-based nonprofit organizations or Tribal Nations.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4,557 households assisted
- $9,191,079 in total disbursements
- $2,017 average FHPAP assistance per household
- A median household income of $9,972 or 11% of the statewide median income
- 62% of households were Black, Indigenous or households of color

The total number of households served has declined over the past few years because the program has targeted assistance to households with higher needs and utilized rapid rehousing as a strategy. Rapid rehousing provides short term rental assistance, housing case management and housing navigation services.

Expected Activity for 2022-2023

FHPAP also operates under two-year contracts with local administrators. Minnesota Housing will enter into new contracts in calendar year 2021.

The estimated 2022-2023 resource availability is $20,577,600. The last three months of funding (July 1 through September 30, 2023) is contingent on funds coming from the 2023-2024 biennial appropriations.

Based on resources available for new activity, we expect to support about 5,140 households each of the two years.

Housing Opportunities for Persons with AIDS (HOPWA)

The Housing Opportunities for Persons with AIDS (HOPWA) program provides grants for housing assistance and services (including short-term rent, mortgage and utility assistance) for people with an HIV-positive status and their families. The U.S. Department of Housing and Urban Development (HUD) allocates funds to local jurisdictions based on the number of individuals living with HIV or AIDS. The city of Minneapolis receives and administers a direct award for the 13-county Minneapolis/Saint Paul Metropolitan Statistical Area. We receive a direct award and contract with Rainbow Health to serve eligible households in Greater Minnesota. A small additional formula-based allocation was received this year in response to the COVID-19 global health crisis. These resources provide additional supports to Rainbow Health's HOPWA participants who are at greater risk of serious health implications if they were to contract COVID-19.

Current tenant income limit: 80% of area median income, adjusted for family size.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 177 households assisted in 48 counties
- $178,483 of assistance disbursed
- $1,008 average HOPWA assistance per household
- A median household income of $22,029 or 24% of the statewide median income
- 50% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

Minnesota Housing will renew Rainbow Health's HOPWA contract for 2022 and will begin community engagement this fall on the next 5-year Consolidated Plan including an exploration of other eligible HOPWA activities such as Tenant-based Rent Assistance. The 2023 allocation will be awarded through a competitive RFP.

The estimated 2022-2023 resource availability is $567,000.

Based on resources available for new activity, we expect to support about 280 households each of the two years.

MULTIPLE USE RESOURCES

Economic Development and Housing/Challenge (EDHC) – Regular

Under the Economic Development and Housing/Challenge Program (EDHC), we provide grants or deferred loans for construction, acquisition, rehabilitation, interest rate reduction, interim or permanent financing, refinancing, and gap funding. Funds are used to support economic and community development within an area by meeting locally identified housing needs for either renter or owner-occupied housing.

Our Multifamily and Single-Family divisions allocate these resources to proposals submitted through competitive Request for Proposals (RFP) processes. Staff evaluates proposals according to EDHC selection standards and our strategic priorities. RFP funding for single family housing is available under the Community Homeownership Impact Fund ("Impact Fund"), which is the umbrella program for EDHC, Housing Infrastructure Bonds (HIB), and Single-Family Interim Lending for homeownership activities.

We make EDHC loans and grants to local governments, private developers, tribal and urban Indian housing authorities, or nonprofit organizations for both multifamily (minimum of four units) and single-family projects. EDHC requires that 50% of the funds be used for projects that have leveraged funds from non-state resources. Preference is given to proposals with the greatest portion of costs covered by non-state resources.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or state median income for rental housing.

Maximum loan amount: None beyond funding availability.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

Multifamily EDHC

- 2 loans to developments with 83 units
- $9,713,508 total loan amount
- $117,030 average EDHC assistance per unit
- A median household of $20,370 or 22% of the statewide median income
- 70% of households were Black, Indigenous or households of color

Single-Family EDHC – Impact Fund

- 323 units
- $9,670,037 total loan/grant amount
- $29,938 average EDHC assistance per home
- A median household income of $47,982 or 52% of statewide median income
- 62% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $34,650,000.

We will allocate funds through our Single-Family and Multifamily RFPs, with any remaining funds made available on a year-round basis in multifamily and through an incentive fund in Single Family.

Based on resources available for new activity, we expect to support about 470 housing units in each of the two years.

Single-Family Interim Lending

Single-Family Interim Lending provides loans, most often to smaller nonprofit organizations, to acquire, rehabilitate, demolish, or construct owner-occupied housing under the Community Homeownership Impact Fund ("Impact Fund"). The homes are then sold to households with incomes at or below 115% of the area median income (AMI). Interim loans are financed with Agency resources and have a term of 26 months. Funds are awarded annually through the Single-Family Request for Proposals process in accordance with our mission and priorities.

Program Performance and Trends

Performance data on interim lending are reported under the Impact Fund program in the EDHC description. The Impact Fund is the umbrella program under which we deliver the Economic Development and Housing/Challenge program and interim construction financing for single-family owner-occupied housing.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $2,500,000.

Based on resources available for new activity, we expect to support the construction of about 16 homes each of the two years.

Housing Infrastructure Bonds (HIBs)

Housing Infrastructure Bonds (HIBs) are issued by Minnesota Housing, as authorized by the Minnesota Legislature, to address specific critical housing needs. HIB proceeds may be used to finance the following project types:

- The acquisition, construction, or rehabilitation of affordable permanent supportive housing for individuals and families without a permanent residence and people with behavioral health needs;
- The acquisition, rehabilitation, adaptive reuse or new construction of senior housing;
- The preservation of existing federally subsidized rental housing by funding acquisition, rehabilitation and refinancing;
- The acquisition of land by community land trusts and used for affordable single-family homeownership opportunities;
- The costs of acquisition, rehabilitation, adaptive reuse or new construction of single-family housing; and
- The cost of acquisition and infrastructure needs for manufactured home communities.

HIB funds are allocated through the annual Multifamily and Single-Family Requests for Proposals (RFP). HIBs can be issued as governmental, 501(c)(3), and private activity bonds. If the bonds are issued as private activity bonds, applicants also may access 4% housing tax credits. HIB proceeds are typically provided as deferred, no interest loans.

Current income limit: 115% of the greater of area or state median income for owner-occupied housing and 80% of the greater of area or statewide median income, not adjusted for household size for rental housing.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported two new construction developments:

- 72 units
- $13,484,406 total loan amount
- $187,283 average HIB assistance per unit
- A median household income of $9,493 or 10% of the statewide median income
- 46% of households were Black, Indigenous or households of color

We financed two rehab projects:

- 69 units

- $4,057,163 total loan amount
- $58,800 average HIB assistance per unit
- A median household income of $2,436 or 3% of the statewide median income
- 55% of households were Black, Indigenous or households of color

We financed land acquisition by community land trusts:

- 38 homes
- $716,266 total loan amount
- $18,849 average HIB assistance per unit
- A median household income of $36,783 or 40% of the statewide median income
- 38% of households were Black, Indigenous or households of color

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $120,000,000.

Of the $120 million, $100 million is new authority, and $20 million is unused resources from previous authorizations. The $100 million new authorization from the Legislature is conditional, dependent on whether the federal government fails to provide additional resources for the same purposes by the end of 2021. Of that $100 million, just over $18 million is restricted for single-family development and $15 million for manufactured home communities.

Based on resources available for new activity, we expect to support 1,550 housing units in each of the two years. This includes annually supporting about 765 manufactured home lots through infrastructure improvements.

Workforce and Affordable Homeownership Development Program

The funds for the Workforce and Affordable Homeownership Development Program may be used for the development of homeownership opportunities and can be used for development costs, rehabilitation, land development and residential housing. In addition, the legislation allows for manufactured home community infrastructure development and repair and storm shelter development. Eligible program applicants are cities, tribal governments, nonprofit organizations, cooperatives and community land trusts.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,750,000.

Based on resources available for new activity, we expect to support the construction of about 50 homes each of the two years.

Manufactured Home Community Redevelopment Program

While this program was created in statute in 2001, it was funded for the first time for the 2020-2021 biennium. Under this program, we will focus on infrastructure improvements, such as storm shelters and community facilities, to preserve manufactured home communities. Acquisition is also an eligible use.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,750,000.

Based on resources available for new activity, we expect to support the construction of about 185 manufactured home lots each of the two years. In addition, as described in the HIB program description, we will also be able to annually support roughly another 765 lots with that resource.

Technical Assistance and Operating Support

The Technical Assistance and Operating Support program provides grants that enhance the ability of housing and community development organizations to meet Minnesota's affordable housing needs. This program supports all our strategic objectives by:

- Providing resources for the state's homeless response system – including the state's Homeless Management Information System, the regional Continuum of Care's homelessness assistance planning, and coordinated entry;
- Providing grants to specific organizations – including the Homeownership Center for its statewide counseling network and HousingLink for its statewide affordable housing website; and
- Supporting capacity building programs and initiatives – including the Capacity Building Initiative, Community Developer Capacity, and the Capacity Building Intermediary program.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded $1,426,159 of activity under this program.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $3,790,000.

Local Housing Trust Funds

The 2021 Legislature appropriated $1 million for a Local Housing Trust Fund Grants program. This one-time program will provide grants to local housing trust funds established under Minnesota Statutes, section 462C.16, to incentivize increases in local funding dedicated to affordable housing.

Grantees are eligible to receive a grant amount equal to:

- 100 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government, up to $150,000; and
- Depending on funding availability, an amount equal to 50 percent of the new public revenue committed to the local housing trust fund from any source other than the state or federal government that is more than $150,000 but not more than $300,000.

The agency will consult with interested stakeholders when developing the guidelines, applications and procedures for the program.

A grantee must use grant funds within five years of receipt to (1) pay for administrative expenses, but not more than 10% of the balance of the fund may be spent on administration; (2) make grants, loans and loan guarantees for the development, rehabilitation or financing of housing; (3) match other funds from federal, state or private resources for housing projects; or (4) provide down payment assistance, rental assistance, and home buyer counseling services. The funds must households with incomes at or below 115% of the state median income.

Program Performance and Trends

This is a new program.

Expected Activity for 2022-2023

The estimated 2022-2023 resource availability is $1,000,000. At this time, we do not have sufficient information to estimate how and when they funds will be used and how many households will be annually assisted.

OTHER

Manufactured Home Relocation Trust Fund

The Manufactured Home Relocation Trust Fund requires owners of manufactured home parks to pay $15 per licensed lot into a Trust Fund each year if the fund's balance is below $2,000,000. The park owner is authorized to collect funds from each manufactured homeowner either monthly or in a lump sum that is paid to Minnesota Management and Budget for deposit into the Trust Fund. The Trust Fund is available to homeowners who must relocate because the park they live in is being closed.

The statute sets out a process for determining the amount of money for which a homeowner is eligible for either moving or selling their home. Minnesota Management and Budget collects the assessment, and we make payments to homeowners, with claims overseen by an appointed neutral third party, for eligible costs.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 6 households assisted
- $15,550 total disbursements
- $2,592 average assistance per household

Expected Activity for 2022-2023

As of March 31, 2021, the fund had a $1.2 million uncommitted balance, which is below the $2 million threshold, triggering to continued collection of fees.

Disbursements from the fund vary significantly from year to year, depending on the level of park closures. We are not making an estimate of the assistance needs at this time.

Disaster Recovery

Disaster response programs provide funding for the repair or replacement of renter or owner-occupied housing damaged by natural disasters such as a flood or tornado. We distribute these funds through the Disaster Recovery program for single-family properties and also assist in repairing damaged rental buildings, providing relocation services to renters displaced or homeless due to disasters, building organizational capacity to respond to disasters, and covering administrative costs related to disaster outreach.

Funds are typically delivered through administrators under contract to deliver ongoing Agency programs for the areas impacted by a disaster. These include administrators for the single-family Rehabilitation Loan Program (RLP), the multifamily Rental Rehabilitation Deferred Loan Program (RRDL), and the Family Homeless Prevention and Assistance Program (FHPAP).

Disaster Recovery funds provide homeowners and smaller rental property owners with deferred loans at no interest for repair costs that are not covered by federal assistance or insurance proceeds. The loan is forgiven if the homeowner remains in the property for 10 years, or for rental properties, if property owners keep rents affordable for 10 years. There are no income limits under the Disaster Recovery program.

Program Performance and Trends

Typically, activities have been funded by special appropriations from the Minnesota Legislature following a federal disaster declaration and determination of the level of available federal funding from the Federal Emergency Management Agency and the Small Business Administration. State appropriations have ranged from $1,000,000 for the May 2011 Minneapolis tornado to $12,720,000 for the August 2012 flooding in northeast Minnesota.

Expected Activity for 2022-2023

At the start of the 2022-2023 AHP, no funds have been appropriated. Typically, the Minnesota Legislature appropriates funds for this program following the declaration of a disaster. If the Minnesota Legislature does not appropriate funds following a federal disaster declaration, the Agency may fund activities through the Disaster Relief Contingency Fund.

Disaster Relief Contingency Fund

The Minnesota Legislature established this fund in 2001 as the account into which we deposit all repayments of previously made disaster relief loans or grants. Funds deposited in this account are used to assist with rehabilitation or replacement of housing that is damaged by a natural disaster in areas covered by a presidential declaration of disaster. Funding also may be used for capacity building grants for disaster response and flood insurance payments.

The terms and conditions under which the funds are made available are at the sole discretion of Minnesota Housing. Eligible uses of funds have included writing down the interest rate on Home Improvement Loans and activating the Disaster Recovery program.

Program Performance and Trends

For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded nine loans for $198,287.

Expected Activity for 2022-2023

Disbursements from the fund vary significantly from year to year. We are not making an estimate of a funding level at this time. As of March 31, 2021, the fund had a $2.2 million uncommitted balance.

COVID-19 HOUSING RECOVERY

RentHelpMN – Emergency Rental Assistance Program (ERAP)

Under the federal Emergency Rental Assistance Program, Minnesota expects to receive about $670 million, with Minnesota Housing expecting to receive $537 million of those funds for our **RentHelpMN** program, with the remaining $133 million going to six local communities. Under the program, renters with incomes at or below 80% of the area median income who experienced a COVID-19-related financial hardship are eligible for up to 18 months of assistance for both past-due and future rent. Future rent payments will be covered in three-month installments.

Program Performance and Trends

The program launched in April of 2021, and we have no program activity to report during our most recent Program Assessment period of October 1, 2019 – September 30, 2020.

Expected Activity for 2022-2023

As a rough estimate, we expect to provide about $400 million to assist approximately 50,000 renter households during the two-year period of 2022 and 2023 – very roughly 25,000 renter households each year. In all likelihood, we will serve more in 2022 and fewer in 2023.

HomeHelpMN – Homeowner Assistance Fund (HAF)

Under the federal Homeowner Assistance Fund, Minnesota Housing expects to receive $128 million to assist homeowners, with $109 million being used for financial assistance and counseling. Our HomeHelpMN program is expected to cover past due principal, interest, taxes, insurance and other housing payments, loan modifications, and certain counseling services. The overall goal is to reach homeowners in greatest need of assistance and most at risk of foreclosure and losing their homes. Initially, the program will be available to homeowners with incomes at or below 100% of the median income. The program will likely have a maximum benefit of $35,000 per household. Like the rental program, a household must have faced a COVID-19-related financial hardship to be eligible.

Program Performance and Trends

This is a new program.

Expected Activity for 2022-2023

We expect to provide about $109 million to assist approximately 6,700 homeowner households during the two-year period of 2022 and 2023 – very roughly 3,350 homeowner households each year. In all likelihood, we will serve more in 2022 and fewer in 2023.

HOME-ARP – American Rescue Plan (ARP)

Under the American Rescue Plan (ARP), Minnesota Housing will also receive an allocation of approximately $31 million in HOME Investment Partnerships funding (**HOME-ARP**) to assist individuals or households who are experiencing or at risk of homelessness, along with other vulnerable populations. Fifteen percent of the funds can be used for administrative expenses, with the remaining fund dedicated for assistance. We anticipate these funds will provide housing development resources that benefit individuals and families experiencing homelessness and sleeping outside. The origin of this new program came from some success converting underutilized hotels into either non-congregate shelter or permanent housing during the pandemic. This funding allocation is separate from our regular annual HOME appropriation.

Program Performance and Trends

We expect to launch the program in program year 2022 and have no program activity to report during our most recent Program Assessment period of October 1, 2019 – September 30, 2020.

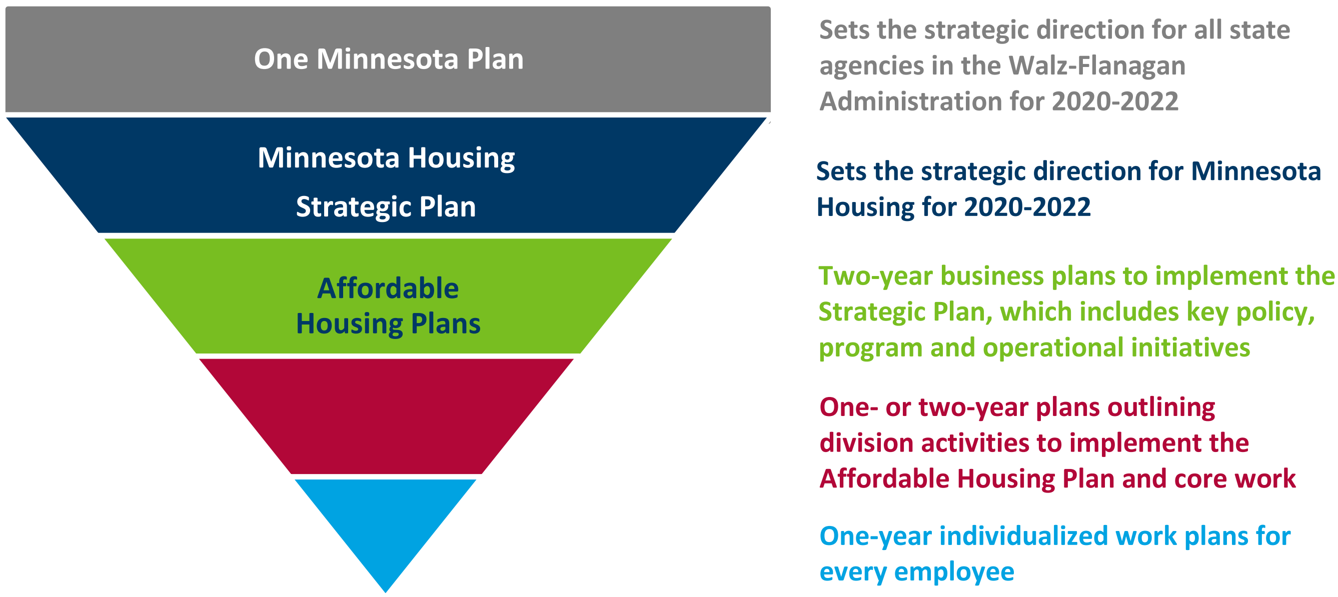
Expected Activity for 2022-2023

We expect to provide about $26.5 million ($31 million less administrative costs) to assist approximately 200 households during the two-year period of 2022 and 2023 – very roughly 100 homeowner households each year.

Appendix C
Strategy Management Structure and Reporting

Appendix C: Strategic Management Structure and Reporting

A set of planning documents and processes direct and align Minnesota Housing's work, as shown in the following diagram. The Affordable Housing Plan (AHP) is the piece that connects our day-to-day work with our Strategic Plan.



The structure starts with the strategic direction set by the Walz-Flanagan Administration and culminates in the work of every individual employee. The strategic and supporting plans align the work of every employee, and every employee sees how their work supports the strategic plan. The AHP is the business plan for implementing our strategic plan and establishes the key initiatives and provides resource estimates for a two-year period, which agency staff use to write their division and individual work plans. The AHP is rewritten every two years to reflect the new appropriations made available by the Legislature and other resource changes. It also considers new housing challenges, needs and opportunities.

The household and housing unit estimates in the AHP assume that all the funds made available are used and eventually disbursed. For some programs, we fall for short, but in other programs, we may end up using more resources than originally planned.

Accountability is key component of strategy management structure, and each set of plans in our structure has a tracking and reporting component. What gets tracked and reported gets done. Reporting and accountability for the AHP comes in two sets of reports:

- Each quarter, Minnesota Housing staff report to the Agency's board of directors progress in awarding funds through RFP selections and deploying resources through other process, such as home mortgage commitments. This quarterly report focuses on the number of households and housing units that will be assisted with the resources that have been awarded and compares the initial results with our AHP forecasts. This report, which is based on the initial awarding of resources, is a leading indicator in tracking progress because it can take a couple of years for housing developments to go from being selected for funding to the use of funds when construction is carried out. In some cases, funds that are awarded will go unused if a project is cancelled.

- At the end of each program year, in our Annual Program Assessment, we report to the Legislature and post on our website the funds that we disbursed that year and the number of households and housing units actually assisted for each program. This report captures our final results when the funding process is completed.

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2022-2023 Draft Affordable Housing Plan
Full Public Comments

We received 18 public comments to the draft 2022-2023 Affordable Housing Plan, with the full submissions included in this document. Staff at Minnesota Housing are also developing a summary of all the comments, including Minnesota's response.

Merlin R. Smith

Good afternoon,

I feel strongly that there are not enough affordable housing units, both for ownership and rental for low-income seniors, both with one and two-bedroom units. The logical place to locate said units would be where they're in close proximity to most general shopping and medical facilities.

I live in the Edina Southdale area which is very near all the services any senior citizen would need.

Ginny Lemke

I have read your plan and am quite disappointed. You are creating the systemic racism by making resources for housing, home ownership and loans based on color. Isn't that discriminatory? Housing, loans, programs should be based on merit and merit alone.
How about you create incentives for people to work, rather than paying them to stay home? There are help wanted signs everywhere. The company I work for has several positions available, yet, we can't even get people to come in for an interview. How about giving money, gifts, tax credits to us who have had to work every day through this ridiculous "new flu". We have to do 3 and 4 people's jobs because you continue to give handouts to people to stay home.

If you are giving rental assistance - it should be paid to the landlord directly! If they are getting additional unemployment/child benefits, they should be able to pay their rent and not qualify for rental assistance on top of it.

How about taking care of our homeless veterans? Quit offering incentives for people to move here and live off the government! Take care of our own first.

How about funding the police to protect the businesses and property in Minneapolis? How about holding those accountable that burned down our city? We need new leadership in the United States and Minnesota. You are all on the same path of destruction not construction! Figure it out - if you continue doing the same thing, you will get the same result. Maybe try something new!

Law and Order, Law and Order! Hold criminals accountable!

If you are "giving" money away - you should expect something in return. If you are giving a single mom housing assistance, how about she take her children out and pick up garbage, or go sing in a nursing home, pull weeds, clean lamp posts, etc. There are so many things that need to be done that can be done rather than just handing out money, and teaching the next generation that all you have to do is sit around and hold your hand out! Self respect goes a long way as well. Do you recall getting something as a child that you worked hard to get, or had to save for a long time to get it? Didn't you take better care of that thing than you did something that was just given to you? Same preface - people will care more if they are invested in it! Figure out how to get people invested in working hard and making MN a better place! Isn't that your job? Make MN a better place to live? Do your job!

Jovaun Gibson

Hey now hey now for progress movement yes

Martha Hoover

Looking at 1st time buyer **financing options**;

It is VERY difficult to get offers accepted by Sellers, when extra hoops are involved with assistance, and extra requirements aren't known until days before closing. This gives the industry a "flag" that loans with assistance are a bigger hassle, more requirements and can delay closing (this also happened to me this year, with only 1 transaction, a buyer with assistance - had additional requirements).

If buyers and house can be approved PRIOR to appraisal or by time of appraisal, this helps.
I wonder if Listing Agents could have home inspector or someone with MnHousing get the HOUSE pre-approved for buyers with assistance. Could Sellers pay for a pre-inspection that can be sent to MN Housing for approval?
This makes for a smooth, fewer unknowns in the transaction.

RE: Affordable Housing

ASK those in the community what types of housing they need, and brainstorm on how they can eventually purchase, if they'd like to. It has to be something they want and love, not just tolerate.

AND

- given price of land & materials, ill affordable to build under $400k. townhomes, can't be built under $325k. Either need a huge subsidy OR look at different types of SF housing - **look across the world to see how homes are built, so Ownership can be obtained.**

Building up is cheaper than out.

Kathie Somnis

It would be wonderful to find some single level townhomes for seniors at an affordable price. The places that are nice are mostly small and very high priced. Also they are all high rises with long hallways that are difficult for those with mobility issues.

Townhomes with a nice patio are difficult to find. The one we currently rent is great but old and kind of falling into disrepair. Plus we have to all our own utilities.

Thank You

Robb Kaiser

Let’s help people that need assistance get jobs vs providing financial support or hand outs.

Keep people working and engaged it will help cut down on crime as well.

Lisa Piche

I'm not sure what you want us to suggest, but keeping interest rates low is imperative after the stress the general public has been under. I recognize that sales have been up, but income has been challenging for many of our buyers.

Khalique Rogers, CEO, Good Riddance, consultant to Youthprise and several Minnesota foundations.
And
Joe Nathan, PhD and Director, Center for School Change

Thank you for the opportunity to respond to the Draft Affordable Housing Work Plan of Minnesota Housing. We have six recommendations.

#1 We urge you to read, consider and use this summary, published earlier this year by MinnPost, of 32 interviews conducted by Khalique Rogers, a 25 year old Minnesota youth who experienced homelessness. He has two coauthors, noted in the column. The summary describes results and recommendations of 32 Minnesota youth who currently are experiencing, or formerly experienced homelessness.

#2 We urge you to read, consider and use this Star Tribune column, co-authored by Mr. Rogers, two other Minnesotans who experienced homelessness, and Joe Nathan.

#3 As part of your response to the MinnPost and Star Tribune columns, we urge

a. Creation of an advisory panel to your agency of young Minnesotans 25 and under, who have been or are experiencing homeless We recommend that the panel be consulted about all efforts Minnesota Housing makes to reduce homeless among Minnesota youth. Since many of these young people face significant financial challenges, we urge that they be paid to attend meetings and provide feedback.

b. Reliance on numbers of Minnesota children and youth experiencing homeless based on the Minnesota Department of Education October count of students. Moreover, we urge recognition and use of the fact that these numbers represent only one point in time. Many educatorsthroughout the state report that the number of youth experiencing homeless served during a school year is actually 2-3 times the number reported in October. We urge Minnesota Housing to STOP citing and relying on Wilder studies about children and youth experiencing homeless. They significantly undercount this population.

c. Convening a meeting before December 1, 2021, with Mr. Rogers, Youthprise, which has sponsored his research, a new Minnesota youth-run advocacy group, Bridgemakers Minnesota. and educators from K-12, the Mn State system, Minnesota Office of Higher Education, Minnesota Department of Education, Minnesota Foundations and DEED (which houses the YouthBuild Program along with Minnesota counties and physicians such as Dr. Tom Kottke who have studied the impact of homelessness and health. Purpose of the meeting would be to
i. explore ways that Minnesota youth can be involved in building homes for homeless, and to expand ways Minnesota youth can be involved in efforts to rehab existing buildings (as through Youthbuild Minnesota) We urge that a representative of the Center for School Change and educators from Anoka-Hennepin district who have worked for more than 20 years to help students build homes be included in this conversation.
ii. Discuss legislative, city, county and foundation efforts to dramatically reduce the number of Minnesota youth experiencing homelessness.

iii. We are willing to work with you to help plan and carry out this meeting.

d. Recognition by Mn Housing that many youth strongly dislike and do not use shelters. We urge an increase in funding for permanent affordable housing and facilities such as Prior Cross and Ain Dah Yung, with supportive services for young people age 25 and younger.

#4 We agree with and support recommendations made by MICAH. We especially note and applaud their recommendations regarding youth- though we agree with all of them.

We welcome feedback and hopefully, follow-up on these recommendations.

Sincerely

Khalique Rogers, CEO, Good Riddance, consultant to Youthprise and several Minnesota foundaitons.
Joe Nathan, PhD and Director, Center for School Change

Kari Niedfeldt-Thomas, Mayor, City of New Brighton

Greetings,

As the mayor of New Brighton, I would like to submit the follow public comments on the draft plan. I do not see a few areas and would like to see them on the following:

- I do not see referenced anywhere the intentionality to increase public transportation models in suburbs. People need options outside owning their own car to get to work, grocery stores, medical providers, and other needs.
- I do not see referenced the intentionality to ensure that there are adequate social service models in suburban communities to support families' needs. Affordable housing should include a coordinated case management model when applicable, but we do not have the social service organizations in the suburbs to address the suburbanization of poverty that has occurred over the past decade.
- I do not see any specific implementation goals on working with suburbs and supporting their staffing limitations. If a city does not have an HRA, it likely then does not have staff dedicated to housing redevelopment efforts. Is there a model where you could provide shared services to help suburbs with the expertise to start and execute affordable housing projects?

- I do not see the intentionality to work specifically with suburban communities on funding affordable housing. Suburbs have limited financing tools (like TIF) and need a more cross-agency effort, time, and resources to help these projects succeed. Developers will come in a buy properties and then suburbs are asking after the fact for affordability—more capital to create a vision for a city would be helpful, but instead suburbs are left with reactive options.

If you have any questions or would like to speak with me or the City team, please let me know. Good luck in your finalization efforts.

In partnership,
Kari

Stephanie Hawkinson, Affordable Housing Development Manager, City of Edina

Please accept by brief comments regarding your plan. Thank you for your work and efforts.

Page 3. Although I believe homeownership disparities need to be addressed, the difference between the homebuyers financing/refinancing compared to new rental production seems extraordinary ($2 BILLION dollar difference???). Especially since one source for the homeownership program uses tax-exempt private activity bonds, which could leverage LIHTC equity in rental property. The following narrative talks about the great need for deeply affordable housing which is NOT met through home ownership programs, but rather through rental. More money needs to be allocated for new affordable rental housing (refer to high rental vacancy rates and cost burdened figures for rental housing). Focus on disparities, for sure. Increase the % of funds for BIPOC households – definitely. But also close the gap between the amount allocated for homeownership and the amount for new rental.

Page 7. I am concerned about the pull away from workforce housing (up to 60% of AMI). Research shows that MN is losing its competitive advantage in part due to the scarcity of workforce housing. This is NOT just housing for households with incomes at or below 50% but also for households with incomes at ore below 60% of AMI. Getting workforce housing built where needed is a challenge. YES we need housing for households with incomes at or below 30% of AMI. BUT we ALSO need housing for higher earning workers. This goes back to adding more money for new rental construction (cutting into that $2 BILLION difference in the budget line items). A much higher percentage of tax-exempt private activity bonds needs to be allocated towards the development of affordable rental housing.

Key Goal #2: As you are aware, they is extremely challenging without project based rental assistance. The finances are hard with low rents and no cap on property tax increases. Property management companies are required to pay more to slow the turn over rates and be competitive – hard factors to address without the income to support these rising costs. With Key goal #2 being deeply affordable housing, that is another reason to allocated more money to new rental housing. That budget line item is simply too low compared to the others.

Key Goal #3: They may have the adverse effect of further segregating housing. Places like Edina and others do not have manufactured home parks so working in integration through homeownership in this model will not work for us. We have our own programs…but just know there are geographical ramifications. So to increase diversity and inclusivity, you cannot ignore Edina, Bloomington, Plymouth, Eden Prairie, etc. We are working hard at trying to be more inclusive, but the QAP changes and the financial focus is shutting us out. For example, as we received 2 9% awards within the past 3 years, we lose points on new applications. However, if you look at our history of no 9% deals in many many years we are trying to make up for lost time. We lose point due to recent successes without taking into consideration on growing need.

Thank you for your time.

central minnesota
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September 14, 2021

Minnesota Housing
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St. Paul, MN 55102-1109

RE: Affordable Housing Plan 2022-2023

To Whom It May Concern:

Thank you for the opportunity to review the Minnesota Housing 2022-2023 Affordable Housing Plan (AHP). The AHP addresses the needs of many Minnesotans, including racial equity issues, COVID recovery needs and the need for deeper subsidy for those who are most cost burdened.

As Central Minnesota Housing Partnership, Inc. (CMHP) works in a variety of communities in Central Minnesota, including smaller rural communities, the one area I didn't see addressed was the need to assist rural communities with affordable housing. For example, Chapter 1 has a section referencing the Housing Needs for the Next Two Years. This section addresses the need for additional supply of housing affordable for the twin cities metro area and the 16 counties surrounding the twin cities. However, it does not provide statistical information regarding the need for greater Minnesota.

I would like to suggest Minnesota Housing look at the information and priorities within the AHP regarding housing needs in greater Minnesota, including small communities with populations under 5,000. Many times, these communities are overlooked by developers because they do not have the resources or are not located in an area that "points out" in the RFP application process. However, the needs of these communities and the people who live there are still relevant but addressing their housing needs is difficult without the resources provided by Minnesota Housing.

Thank you again for your time.

Sincerely,

Deanna Hemmesch
Central Minnesota Housing Partnership, Inc.
Executive Director

COMMENTS ON
Minnesota Housing'S 2022-2023 Affordable Housing Plan

As a Minnesota Housing Capacity Building grantee, CloseKnit wholeheartedly supports the State's paradigm shift to approaching homelessness as an issue of justice that intersects with race and health. As a system change organization working to radically shift the State's response to youth homelessness, CloseKnit starts by recognizing that Minnesota will not build its way out of this surging crisis. Instead, we endorse Minnesota Housing's contention in regard to affordable housing that investing in existing housing is far more economical than building new. For young people, this requires stabilizing the informal hosting arrangements in which they stay with people they already know—extended family, friends' families, neighbors, etc. This mutual aid practice supporting "chosen family/natural supports" is especially common in BIPOC, rural and immigrant communities. Heading Home Together: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness specifically prioritizes supporting these arrangements. See Strategy 4H action step: *Ensure that state homeless funds that target youth can be used to support informal housing options and the youth's existing support network.* However, due in part to Covid, the state has not yet implemented Strategy 4H.

CloseKnit contends that implementing Strategy 4H—and expanding it to include not only state homeless funds that specifically target youth, but other state funds as well—is the single most important thing Minnnesota Housing could do to decrease the number of Minnesota youth facing homelessness. Minnesota Housing has a vital role to play, given that it's far easier for a homeowner to welcome a beloved young person into their home than it is for a renter. Some of the barriers renters may face include:

- Guest policies that prohibit long-term guests
- Concerns that adding another person to the lease will affect benefits eligibility
- Onerous background checks that may exclude youth with criminal records

These barriers often lead renter hosts to conclude that an "under-the-radar" approach is preferable to bringing the arrangements aboveboard. Programs that seek to recognize the generosity of these hosts by compensating them risk additional challenges if increased household income imperils benefits eligibility.

Because housing regulations and policies play a key role in compromising a renter's ability to host, CloseKnit urges Minnesota Housing to adopt a leadership role in dismantling these barriers. Because 3/4ths of youth facing homelessness in Minnesota are BIPOC and a majority of BIPOC households in Minnesota are renters, enhancing a renter's ability to host is essential to dismantling the disturbing racial inequities in youth homelessness.

However, we urge Minnesota Housing not to underestimate how seismic the shift will be to move away from Minnesota's current "housing-centric" approach, which prioiritizes building "affordable" age-segregated housing for youth facing homelessness and only succeeded pre-Covid in providing shelter for ¼ of Minnesota youth facing homelessness. To ensure the success of a "chosen family/natural supports" approach, CloseKnit recommends a comprehensive reboot that capitalizes on Minnesota Housing's current culture of innovation.

We suggest these steps:

- **Train Minnesota Housing staff** and grantee partners on the "chosen family/natural supports" approach. See attached chart that describes this global shift: https://www.homelesshub.ca/resource/family-and-natural-supports-framework-enhance-young-peoples-network-support Page 16
- **Assess current programming, policies and funding**, especially COVID-19 recovery funds, to identify opportunities to support chosen families, and then implement those changes. For example:
    - Use **rental assistance** to stabilize renters who are informally hosting.
    - Use **landlord risk mitigations funds** to incentivize hesitant landlords to bring informal hosting arrangements aboveboard by providing an "insurance" policy.
    - Publicize that **FHPAP and HSWH** funding can support informal hosting arrangements, and train grantees in how best to resource those arrangements
- Rather than building age-segregated affordable housing (youth facing homelessness, seniors), provide incentives for building **multigenerational housing.** Generations United has identified that 1/4 of Americans are now living in multigenerational households, often due to economic strain.
    - See https://www.gu.org/resources/multigenerational-families/
    - Also see this *New York Times* article profiling some of these new housing developments: https://www.nytimes.com/2021/08/19/business/retirement-grandparents-raising-children.html

SHIFTING TO AN FNS APPROACH IN YOUR ORGANIZATION

Shifting to a new way of viewing family and natural supports is no easy task. The table below (Change Collective, 2019) can help organizations transition from a traditional approach to working with young people to a Family and Natural Supports approach.

STATUS QUO APPROACH	*FNS APPROACH*
○ Our first instinct is to meet every need with a professional support. ○ We attend to basic physcial needs first (food, shelter, clothing), and consider relational/socio-emotional needs later.	○ We actively seek out and draw on resources and assets within the youth's support network. ○ We treat the need for connection with the same urgency as physcial needs (and we can meet that need ourselves).
○ We protect youth by limiting their exposure to those who could hurt them.	○ We recognize the limits of our power, and know that youth will often maintain a connection with people that we do not consider positive or healthy. Instead of forbidding contact, we build youth capacity to set boundaries and keep themselves safe.
○ We focus solely on the youth — their needs, their perspectives, their goals.	○ We work with youth in the context of their natural supports, seeking to strenghten the capacity of those within the network to support the needs and goals of the youth.

VIA EMAIL

To Whom It May Concern:

The Housing Justice Center is a non-profit law and advocacy firm whose mission is the preservation and expansion of the supply of deeply affordable housing. We greatly appreciate that the agency has made production of such housing a key goal in its 2022-2023 Affordable Housing Plan as the lack of such housing is the state's most pressing housing problem. HUD's most recent CHAS data shows 129,330 renter households statewide with housing cost burden greater than 30% of income and incomes less than or equal to 30% of AMI, which is 50.2% of all cost burdened renter households. This need is a critical equity and access issue. Statewide, the most recent HUD CHAS data indicates that households of color are 4.4 times more likely than white, non-Hispanic households to be renters with incomes no more than 30% of AMI and housing problems (virtually all of whom pay more than 30% of income for housing). See attached table derived from https://www.huduser.gov/portal/datasets/cp.html (Data Download page).

From a mission, vision, and values standpoint, we were pleased to see a deliberate focused on serving the communities with the greatest needs that have experienced historic disinvestment and are at the greatest risk of being unserved or underserved.

Unfortunately, we believe that the agency's approach will fall short of addressing this key goal. Page 8 lays out three factors necessary for addressing the goal, one of which is the availability of rental housing assistance, including use of project-based vouchers. The table on page 8 indicates that in the past, virtually all the purported new deeply affordable units received rental assistance. It's highly likely that most of these were not additions to the supply. Project basing housing choice vouchers may be useful to achieve some legitimate goals, but it does not add in any way to the supply of deeply affordable housing. It simply moves vouchers already in use and providing deep affordability to a specific location. It cannot legitimately be counted as addressing this critical Goal #2 unless it is new rental assistance.

We also believe that significantly more capital funding is necessary to produce housing affordable at 30% of AMI. But Table 1 on page 2 shows only $272.2M to be spent on new rental production. Additionally, the measures taken in the 2021 RFP do not appear to be adequate to reach a 45% goal. Points for 30% of units at 30% AMI does not get the agency to 45% of all new units affordable at that income level

If the goal is to meet the need for deeply affordable housing, the agency is aiming too low - the goal should be 50%, rather than 45% of new rental housing statewide to be affordable at or below 30% AMI. See the CHAS table referenced above. This CHAS data is readily available and used by all public agencies developing reports necessary for CDBG, HOME, and similar federal funding. It is the data that should be used by MHFA in developing estimates of housing need.

A key resource the is not addressed in the AHP, and which MHFA should propose to explore and utilize, is HUD's Faircloth to RAD program. Minnesota PHAs have legal authority for 1,717 more units of annual public housing operating and capital subsidies. NATIONAL LIST OF MAXIMUM NUMBER OF UNITS ELIGIBLE FOR CAPITAL FUNDING AND OPERATING SUBSIDY BY PHA -3/31/2021 (Excel). HUD has announced a new program whereby rental housing acquired, rehabbed, or developed as mixed finance public housing, including by private entities, may be immediately converted to new project-based section 8 subsidies.

We also think that the agency should explore creative solutions to meeting the acute housing needs of Minnesota smaller communities. The overall vision for meeting the housing needs of Minnesota is a compelling one, but there are specific challenges associated with smaller scale development in communities with populations less than 5,000 that need more targeted solutions. The housing needs oof rural places are not just one thing (workforce housing) but exist across a continuum of income, race, age, and place, and as Greater Minnesota becomes more diverse, the housing needs of Greater Minnesota communities also become more diverse.

Finally, we think that now is an important time for the agency to provide support for creative ownership models. We are at a critical juncture on issues related to the control and ownership of land and the future of housing in communities across the state. Signaling a willingness and a flexibility to support different models for people to own their housing futures to achieve a range of community articulated outcomes and objectives would be a powerful step in shifting the housing landscape in Minnesota.

Please let me know if you have any questions.

Truly,

Margaret Kaplan
President, Housing Justice Center

Comprehensive Housing Affordability Strategy ("CHAS") data

Summary Level: State | Created on: September 10, 2021

Data for: Minnesota | Year Selected: 2013-2017 ACS

Income Distribution Overview	Owner	Renter	Total	
Household Income less-than or= 30% HAMFI	91,860	169,580	261,440	
Household Income >30% to less-than or= 50% HAMFI	133,445	122,780	256,225	
Household Income >50% to less-than or= 80% HAMFI	227,380	123,615	350,995	
Household Income >80% to less-than or=100% HAMFI	175,300	63,220	238,520	
Household Income >100% HAMFI	914,060	131,965	1,046,025	
Total	1,542,040	611,160	2,153,200	
Housing Problems Overview 1	Owner	Renter	Total	
Household has at least 1 of 4 Housing Problems	298,160	278,515	576,675	
Household has none of 4 Housing Problems	1,236,915	325,240	1,562,155	
Cost burden not available, no other problems	6,965	7,405	14,370	
Total	1,542,040	611,160	2,153,200	
Severe Housing Problems Overview 2	Owner	Renter	Total	
Household has at least 1 of 4 Severe Housing Problems	124,415	159,605	284,020	
Household has none of 4 Severe Housing Problems	1,410,660	444,150	1,854,810	
Cost burden not available, no other problems	6,965	7,405	14,370	
Total	1,542,040	611,160	2,153,200	
Housing Cost Burden Overview 3	Owner	Renter	Total	
Cost Burden less-than or= 30%	1,253,860	345,265	1,599,125	
Cost Burden >30% to less-than or= 50%	176,835	127,720	304,555	
Cost Burden >50%	104,235	130,085	234,320	
Cost Burden not available	7,105	8,095	15,200	
Total	1,542,040	611,160	2,153,200	
Income by Housing Problems (Owners and Renters)	Household has at least 1 of 4	Household has none of	Cost Burden not available,	Total
	Housing Problems	4 Housing Problems	no other housing problem	
Household Income less-than or= 30% HAMFI	203,280	43,785	14,370	261,440

Household Income >30% to less-than or= 50% HAMFI	158,450	97,775		256,225
Household Income >50% to less-than or= 80% HAMFI	118,310	232,685		350,995
Household Income >80% to less-than or= 100% HAMFI	43,065	195,455		238,520
Household Income >100% HAMFI	53,570	992,455		
Total	576,675	1,562,155	14,370	2,153,200
Income by Housing Problems (Renters only)	Household has at least 1 of 4	Household has none of	Cost Burden not available,	Total
	Housing Problems	4 Housing Problems	no other housing problem	
Household Income less-than or= 30% HAMFI	132,170	30,000	7,405	169,580
Household Income >30% to less-than or= 50% HAMFI	88,500	34,280		122,780
Household Income >50% to less-than or= 80% HAMFI	40,940	82,675		123,615
Household Income >80% to less-than or= 100% HAMFI	9,240	53,980		63,220
Household Income >100% HAMFI	7,665	124,300	0.0	131,965
Total	278,515	325,240	7,405	611,160
Income by Housing Problems (Owners only)	Household has at least 1 of 4	Household has none of	Cost Burden not available,	Total
	Housing Problems	4 Housing Problems	no other housing problem	
Household Income less-than or= 30% HAMFI	71,110	13,785	6,965	91,860
Household Income >30% to less-than or= 50% HAMFI	69,950	63,495		133,445
Household Income >50% to less-than or= 80% HAMFI	77,370	150,010		227,380
Household Income >80% to less-than or= 100% HAMFI	33,825	141,475		175,300
Household Income >100% HAMFI	45,905	868,155		914,060
Total	298,160	1,236,915	6,965	1,542,040
Income by Cost Burden (Owners and Renters)	Cost burden > 30%	Cost burden > 50%	Total	
Household Income less-than or= 30% HAMFI	199,525	151,115	261,440	
Household Income >30% to less-than or= 50% HAMFI	151,230	54,005	256,225	
Household Income >50% to less-than or= 80% HAMFI	107,865	20,455	350,995	

Household Income >80% to less-than or= 100% HAMFI	37,565	4,395	238,520	
Household Income >100% HAMFI	42,700	4,355	1,046,025	
Total	538,885	234,320	2,153,200	
Income by Cost Burden (Renters only)	Cost burden > 30%	Cost burden > 50%	Total	
Household Income less-than or= 30% HAMFI	129,330	100,125	169,580	
Household Income >30% to less-than or= 50% HAMFI	83,505	23,810	122,780	
Household Income >50% to less-than or= 80% HAMFI	34,820	4,825	123,615	
Household Income >80% to less-than or= 100% HAMFI	6,570	765	63,220	
Household Income >100% HAMFI	3,580	560	131,965	
Total	257,805	130,085	611,160	
Income by Cost Burden (Owners only)	Cost burden > 30%	Cost burden > 50%	Total	
Household Income less-than or= 30% HAMFI	70,195	50,990	91,860	
Household Income >30% to less-than or= 50% HAMFI	67,725	30,195	133,445	
Household Income >50% to less-than or= 80% HAMFI	73,045	15,630	227,380	
Household Income >80% to less-than or= 100% HAMFI	30,985	3,625	175,300	
Household Income >100% HAMFI	39,120	3,795	914,060	
Total	281,070	104,235	1,542,040	

1. The four housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%.
2. The four severe housing problems are: incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 50%.
3. Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes.

2013-2017 CHAS, Table 1 households with Housing Problems by Income and Tenure

Minnesota

All Households					**White Non-Hispanic Households**			**Minority Households**		
		Renter	Owners	All	Renter	Owners	All	Renter	Owners	All
All		611160	1542040	2153200	438495	1422385	1860880	172665	119655	292320
	Cost Burde	603755	1535075	2138830	434035	1415965	1850000	169720	119110	288830
	with Housi	278515	298160	576675	183540	263495	447035	94975	34665	129640
	% with Pro	46.1%	19.4%	27.0%	42.3%	18.6%	24.2%	56.0%	29.1%	44.9%
<=30%AMI		169575	91860	261435	104290	81890	186180	65285	9970	75255
	% at this In	27.7%	6.0%	12.1%	23.8%	5.8%	10.0%	37.8%	8.3%	25.7%
	Cost Burde	162170	84895	247065	99830	75470	175300	62340	9425	71765
	with Housi	132170	71110	203280	79515	63075	142590	52655	8035	60690
	% with Pro	81.5%	83.8%	82.3%	79.7%	83.6%	81.3%	84.5%	85.3%	84.6%
>30%AMI<=50%AMI		122780	133445	256225	84560	118905	203465	38220	14540	52760
	% at this In	20.1%	8.7%	11.9%	19.3%	8.4%	10.9%	22.1%	12.2%	18.0%
	Cost Burde	122780	133445	256225	84560	118905	203465	38220	14540	52760
	with Housi	88500	69950	158450	60205	60835	121040	28295	9115	37410
	% with Pro	72.1%	52.4%	61.8%	71.2%	51.2%	59.5%	74.0%	62.7%	70.9%
>50%AMI<=80%AMI		123615	227380	350995	93135	205315	298450	30480	22065	52545
	% at this In	20.2%	14.7%	16.3%	21.2%	14.4%	16.0%	17.7%	18.4%	18.0%
	Cost Burde	123615	227380	350995	93135	205315	298450	30480	22065	52545
	with Housi	40940	77370	118310	31070	67715	98785	9870	9655	19525
	% with Pro	33.1%	34.0%	33.7%	33.4%	33.0%	33.1%	32.4%	43.8%	37.2%
>80%AMI		195185	1089360	1284545	156510	1016275	1172785	38675	73085	111760
	% at this In	31.9%	70.6%	59.7%	35.7%	71.4%	63.0%	22.4%	61.1%	38.2%
	Cost Burde	195185	1089360	1284545	156510	1016275	1172785	38675	73085	111760
	with Housi	16905	79730	96635	12750	71870	84620	4155	7860	12015
	% with Pro	8.7%	7.3%	7.5%	8.1%	7.1%	7.2%	10.7%	10.8%	10.8%

Percent of Total Households With Housing Problems in Each Income Grop
Minnesota
Source: 2013-2017 CHAS, Table 1 households with Housing Problems by Income and Tenure

		All Households		**White Non-Hispanic Household**			**Minority Households**		
	Renter	Owners	All	Renter	Owners	All	Renter	Owners	All
Income:									
<=30% AMI	47.5%	23.8%	35.3%	43.3%	23.9%	31.9%	55.4%	23.2%	46.8%
>30%,<=50% AMI	31.8%	23.5%	27.5%	32.8%	23.1%	27.1%	29.8%	26.3%	28.9%
>50%<=80%AMI	14.7%	25.9%	20.5%	16.9%	25.7%	22.1%	10.4%	27.9%	15.1%
>80% AMI	6.1%	26.7%	16.8%	6.9%	27.3%	18.9%	4.4%	22.7%	9.3%

*Housing Problems: paying >50% income for housing;serious overcrowding; missing facilities

Percent of Households which are Very Low Income or Extemely Low Income Renters with housing problems Problems, by Minority Status
Minnesota
Source: 2013-2017 HUD CHAS, Table 1 Income by Minority Status, Tenure and Housing Problems

	All Households*	Renter Housholds					
		<=30% AMI		>30%AMI<=50% AMI		<=50% AMI	
		with Problems	% of all with Problems	with Problems	% of all with Problems	with Problems	% of all with Problems
White, non-Hispanic	1,850,000	79,515	4.30%	60,205	3.25%	139,720	7.55%
Minority	288,830	52,655	18.23%	28295	9.80%	80,950	28.03%
Ratio			4.24		3.01		3.71

*with cost burden computed

	All Households*	All Housholds					
		<=30% AMI		>30%AMI<=50% AMI		<=50% AMI	
		with Problems	% of all with Problems	with Problems	% of all with Problems	with Problems	% of all with Problems
White, non-Hispanic	1,850,000	142,590	7.71%	121,040	6.54%	263,630	14.25%
Minority	288,830	60,690	21.01%	37410	12.95%	98,100	33.96%
Ratio			2.73		1.98		2.38

Homeownership Minnesota

September 14, 2021

To Whom it May Concern:

Members of the Homeownership Minnesota (HOM) coalition have reviewed the 2022-2023 Affordable Housing Plan and provide the following comments and questions.

Equity and Access

While the document notes that MN Housing will address systemic barriers and challenges, only two were highlighted in the narrative, and neither are directly tied to homeownership barriers. Considering the racial gap in homeownership in our state, MN Housing's AHP should discuss the specific efforts to eliminate barriers to ownership due to systemic racism and elevate those in their decision-making process on program design, funding decisions, and policy positions.

Considering MN Housing data shows that there are 61,000 BIPOC renter households who are income-qualified for ownership and 27,000 households that are similarly income-qualified for homeownership but continue to rent units affordable at <30% AMI, MN Housing's AHP should address its efforts in moving households through the affordable housing continuum and into ownership.

We encourage the Agency to think about both internal and external capacity as it launches new initiatives as suggested in this section. How is MN Housing planning to support the organizational capacity building of BIPOC-led organizations? Which organizations are currently benefiting from the Capacity Building Program as it stands today and what could MN Housing do to ensure BIPOC-led organizations benefit from this program? Capacity building for BIPOC-led affordable ownership nonprofits is a key concern of HOM Members and one of the strategies for closing the racial gap in ownership.

Community Member Review

Our experience with this process is that it is perfunctory and has not added value at this point. We understand the intent behind engaging the community, particularly community members most impacted by the work, but wonder how MN Housing is measuring success with these review groups?

What about a community-based process for assessing MN Housing's responsiveness to housing needs, with results and feedback being integrated into program design and implementation?

One of the best measures of whether a program is inclusive and/or equitable are the outcomes, results, and experience for the program participant. How will MN Housing build measures of MN Housing's own accountability to outcomes into their programs and how will they communicate about that accountability?

Homebuyer Preparation

The Agency notes its success in reaching BIPOC households with its mortgage products, it is also known that this is a revenue-generating line of business for MN Housing. Given this, what could the Agency consider in its products to make them even more accessible to BIPOC households given what we know about barriers to accessing quality mortgage products in LMI and BIPOC communities? What unique, innovative, or targeted efforts could be done to reach these communities at greater rates than today? Could MN Housing review the Targeted Mortgage Opportunity Program from several years ago and consider reigniting this program or concept to achieve even greater success?

Additionally, HOM members are not clear on the incentives for the successful completion of the Homeownership Capacity program. Are you referring to provider incentives? Given the prioritized demographics of this program, it may be helpful to incentivize the actual program participants with enhanced down payment assistance (DPA) and to work with practitioners to determine the amount of assistance needed.

HOM strongly encourages the Agency to align with the Homeownership Opportunity Alliance's DPA advisory council's efforts to enhance DPA across the state.

Homeownership Production

Lawmakers have been surprised at how little funding is being directed at the production of ownership units. Discerning the actual amount invested in this activity can be difficult because it is lumped in with "Multiple Use Resources". For increased transparency, we suggest ownership production items be called out as such.

Members of the HOM coalition are very interested in working with the agency to identify ownership alternatives to single-family homes and the programmatic changes need to make them work. The AHP should include how MN Housing will partner with practitioners in creating innovative solutions and what policy and/or programmatic design features need to be modified or adapted to support the goal of innovation.

General Comments

The AHP has several references to MN Housing exploring “other state and federal resources”. What funds will be pursued and for what purpose? How will the use of those funds be determined?

In conclusion, Homeownership Minnesota members value our partnership with MN Housing to increase access to affordable homeownership, statewide, through the preparation of homebuyers, and the production and preservation of affordable ownership. We look forward to our continued partnership in deploying and effectively utilizing the new resources for ownership activities. We agree that we should “Go big, so everyone can go home.”

Thank you for your consideration.

Sincerely,

Cristen Incitti and Kathy Wetzel-Mastel, HOM Co-chairs

HOM Membership: City of Lakes Community Land Trust, Dayton’s Bluff Neighborhood Housing Services, Greater Metropolitan Housing Corporation, HOME Co. (Aurora St. Anthony CDC, Build Wealth MN, Model Cities), Habitat for Humanity Minnesota, Minnesota Community Land Trust Coalition, Minnesota Homeownership Center, Neighborhood Development Alliance, Neighborworks Home Partners, Northcountry Cooperative Foundation, One Roof Community Housing, PRG, Twin Cities Community Habitat for Humanity, and Urban Homeworks.

Comments from MICAH
Metropolitan Interfaith Council on Affordable Housing

MICAH submitted the full draft Affordable Housing Plan with their comments inserted in the text of the plan. For brevity, Minnesota has excluded the sections of the plan without a comment from MICAH. The sections below have the language from the draft Affordable Housing Plan in **black** text and comments from MICAH in **green** text. Minnesota Housing staff provided the text in **maroon** for context

Executive Summary – Key Action: Address the state's very large homeownership disparity between white/non-Latinx households and Black, Indigenous and households of color by increasing the share of our first-time homebuyer mortgages going to Black, Indigenous and households of color to 40%. **MICAH is very supportive of this goal, and worked with MHFA in setting up the Enhanced Homeownership Initiative in 2013 with 30 diverse organizations.**

Executive Summary – Key Action: Address the severe shortage of rental housing affordable to households with incomes at or below 30% of the area median income by working to make 45% of the new-construction rental units that we finance deeply affordable. **We support a higher percentage, 60% of units, be for people at or below 30% median income with focus in mixed income buildings. Also at least 75% of the units for people with incomes under 30% median income should be without supportive services. Just because you are low income does not mean you need supportive services.**

Executive Summary – Key Action: Address the very limited supply of affordable homes for sale by increasing the resources available for single-family housing development and rehabilitation and supporting manufactured homes and communities and supporting over 1,000 homes each year. **MICAH encourages MN Housing to proactively expand NOAH program to homeownership programs. The rapid purchase of large corporations of homes and transition to rental properties is limiting the number of units at the lower end of the market. MICAH very pleased to see MN Housing continue to expand support of manufactured homes as a critical affordable housing opportunity. (MICAH has supported manufactured homes for decades. There was little support from the agency for this type of housing until the last several years.)**

Executive Summary – Key Action: Making housing in Minnesota more inclusive and equitable. We will:

- Increase Minnesota Housing's diversity, inclusivity and cultural competence
- Foster co-creation of solutions with communities
- Diversify the partners we fund and with whom we work
- Make our programs more inclusive and equitable

- Address systemic barriers
- Continually analyze outcomes and program processes **MICAH supports this goal and that people impacted by housing crises are at every decision making table and in implementation, development and operation of diversity of housing options and evaluation of these opportunities.**

Executive Summary – Key Action: Creating a culture of innovation and entrepreneurship at Minnesota Housing. With persistent and seemingly intractable housing challenges, we also need to rethink how we work. We will focus on program designs, financing structures, and exploring different ways of meeting local housing needs. **MICAH supports this goal and the diversity of housing options needed will occur as people impacted by housing crises are at every decision making table and in implementation, development and operation of diversity of housing options and evaluation of these opportunities.**

Chapter 1 - Housing Needs for the Next Two Years: As we reach what we hope is near the end of the COVID-19 pandemic, **(MICAH encourages MN Housing to plan for the worst and hope for the end of COVID-19**) we will continue to support housing and economic recovery. The pandemic and increased focus on social justice over the past year and a half have put a focus on the **decades long, pervasive** structural inequities and gaps in the housing industry and broader society. We will also continue to take on the significant housing challenges facing families and communities across the state that were persistent before the pandemic.

Chapter 1 - Housing Needs for the Next Two Years: The pandemic and economic fallout has had a profound impact on individuals and families across Minnesota, and some, particularly Black and Indigenous households and households of color, continue to face significant challenges. **Please also specifically identify Latinx and multi- cultural/racial/ethnicity throughout the plan.**

Chapter 1 - Housing Needs for the Next Two Years: In 2020, about 7,940 people in Minnesota experienced homelessness on a given night, which is an 8% increase since 2016. The increase has been extraordinarily large for people living outside and unsheltered, with a 119% increase in that period.[12] In addition, an Indigenous person in Minnesota is over 20 times more likely to experience homelessness than someone who is white/non-Latinx. **This information based on an archaic HUD survey tool- Point in Time Count, utilizing HUD's limited definition of homelessness and does not count the over 17,000 children and youth in our school system under the Department of Education's definition of homelessness or their families.**

Chapter 1 – Achieving Our Key Strategic Goals: By 2023, have 40% of our first-time homebuyer mortgages going to Black and Indigenous households and households of color. **MICAH supports the expansion of Enhanced Homeownership Initiative and the funding and implementation of the HOME Law we passed in 2014 with 30 diverse organizations to ensure this goal is accomplished.**

Chapter 1 – Achieving Our Key Strategic Goals: To increase ***home mortgage*** lending to Black and Indigenous households and households of color, we will continue and enhance our work to: ***Add to list of actions*** - **Educate our youth in our school systems about landlord tenant law, financial literacy and the advantages of homeownership in creating wealth in middle and high school.**

Chapter 1 – Achieving Our Key Strategic Goals: With the 2022 Consolidated RFP selections, have 45% of our new construction rental units be deeply affordable. **MICAH supports increasing this to 60% in primarily mixed income buildings.**

Chapter 1 – Achieving Our Key Strategic Goals: Our success ***in reaching the 45% deeply affordable goal*** will be dependent on several factors, including: (1) the availability of Housing Infrastructure Bonds (HIBs), which is one of our most effective tools for financing deeply affordable units, particularly supportive housing; (2) the availability of rental assistance (including Housing Support from the Department of Human Services and local housing authorities project-basing[13] some of their Housing Choice Vouchers); and (3) incentivizing in our consolidated RFP selection criteria units with rent restricted to no more than 30% of AMI. **MICAH supports utilizing the 2017 tax code change to LIHTC that allows for income averaging to increase the number of units below 30% in mixed income units**

Chapter 1 – Achieving Our Key Strategic Goals: ***In reference to the 45% deeply affordable goal,*** **MICAH supports future amendments to the QAP that increases points that support at least 30% of units be at 30% and below median income**

Chapter 1 – Achieving Our Key Strategic Goals: In reference to goal around increasing the supply for affordable single-family homes and rehabilitating/improving existing owner-occupied homes, MICAH supports these strategies. MICAH encourage MN Housing to also utilize Tiny Homes (See Detroit's model- https://www.youtube.com/watch?v=Im41GXjE-vM), Mutual Housing, Cooperatives and Self Help Housing as additional homeownership models.

MICAH thinks MN Housing needs to be proactively expand NOAH program to homeownership programs. The rapid purchase of large corporations of homes and transition to rental properties is limiting the number of units at the lower end of the market. MICAH very pleased to see MN Housing continue to expand support of manufactured homes as a critical affordable housing opportunity. (MICAH has supported manufactured homes for decades. There was little support from the agency for this type of housing until the last several years.)

Chapter 1 – Achieving Our Key Strategic Goals: ***Add an additional goal,*** **Goal 4 Make MN Housing safe. About 1 in 3 Homes in MN have lead paint in them (Home ownership and rental). Over 700 children poisoned primarily by Lead paint each year. This poisoning is preventable, it impacts disproportionately diverse low income families. It destroys children's**

brains, creates havoc in family system addressing the disabilities caused by the lead poisoning, and costs us as tax payers about $100,000/year/ child disabled by lead for rest of their lives (in Medicaid, special ed , housing supports and other services). To protect our children from Lead paint poisoning, we request the agency's support and implement the Lead Safe Homes Bill to proactively test for lead in housing throughout MN and encapsulate lead paint in older homes at cost of about $2500/unit and make our housing safe.

Chapter 1 – COVID-19 Housing and Economic Recovery: Under the federal Emergency Rental Assistance Program, Minnesota expects to receive about $670 million, with Minnesota Housing expecting to receive about $537 million of those funds for our **RentHelpMN** program, with the remaining $133 million going to six local units of government. Under this program, renters with incomes at or below 80% of the area median income who experienced a COVID-19-related financial hardship **(MICAH supports most flexible definition allowed by Treasury)** are eligible for up to 18 months of assistance for both past-due and future rent.

Chapter 1 – COVID-19 Housing and Economic Recovery: Under the federal Homeowner Assistance Fund, Minnesota Housing expects to receive $128 million to assist homeowners, with $109 million being used for financial assistance and counseling. Our **HomeHelpMN** program is expected to cover past due principal, interest, taxes, insurance and other housing payments, loan modifications, and certain counseling services. The program's overall goal is to reach homeowners in greatest need of assistance and most at risk of foreclosure and losing their homes. Initially, the program will be available to homeowners with incomes at or below 100% of the median income. The program will likely have a maximum benefit of $35,000 per household. Like the rental program, a household must have faced a COVID-19-related financial hardship to be eligible. **(MICAH supports most flexible definition allowed by Treasury)**

Chapter 1 – Equity and Access: To achieve Governor Tim Walz's concept of **One Minnesota**, where everyone thrives, not just some, we need to reorient how we work and expand who has a voice**, including people who have experienced homelessness and or housing crises/instability to utilize their voice and decision making power,** at the table, **design of housing, development, implementation, operations, and evaluation** and participates in and benefits from the housing economy.

Chapter 1 – Equity and Access: Our current Strategic Plan lays out six overarching strategies to create an inclusive and equitable housing system:

1. Increase Minnesota Housing's diversity, inclusivity and cultural competency
2. Foster co-creation of solutions with communities **- include people who have experienced homelessness and or housing crises/instability**
3. Make our programs more inclusive and equitable

4. Address systemic barriers
5. Diversify the partners we fund and with whom we work
6. Continually analyze outcomes and program processes

Chapter 1 – Equity and Access*: In reference to increasing Minnesota Housing's diversity, inclusivity and cultural competency*,

- Hire more staff who are Black, Indigenous, **Latinx** or people of color, have a disability, or are a veteran **and people who have experienced homelessness and or housing crises/instability**
- Retain 75% of employees who are of Black, Indigenous, **Latinx** or people of color, have a disability, or are a veteran and **people who have experienced homelessness and or housing crises/instability**

Chapter 1 – Equity and Access*: In reference to fostering co-creation of solutions with communities:* Bring community members to the table to design policies and programs**, including people who have experienced homelessness and or housing crises/instability to utilize their voice and decision making power** at the table, **design of housing, development, implementation, operations, and evaluation**

Chapter 1 – Equity and Access*: In reference to fostering co-creation of solutions with communities:* When selecting housing developments to fund, prioritize those that have incorporated community engagement and planning in the creation of the proposal.

Our current scoring criteria for selecting multifamily developments in the Consolidated Request for Proposal process includes points for housing development projects that involve active:

- Implementation of a Community Development Initiative to address locally identified needs and priorities, with active engagement by local stakeholders; and
- Participation in the development of the housing project proposal by communities most impacted by housing disparities. The proposed housing development must address a housing disparity. This equitable development priority was added to the selection process in 2021. **Excellent addition**

Chapter 1 – Equity and Access*: In reference to fostering co-creation of solutions with communities:* Have community members review and score proposals for funding. **How is this recruitment done? Please describe how folks apply to participate in review and scoring processes.**

Since 2016, we have been expanding the use of community-based reviewers, and they are now involved in recommending funding decisions for the following grant programs: (1) Family Homeless Prevention and Assistance Program (FHPAP), (2) Housing Trust Fund Rental Assistance, (3) Homework Starts with Home, (4) Bridges Rental Assistance, (5) Homebuyer Education Counseling and Training (HECAT), (6) Homeownership Capacity, (7) Impact Fund, and (8) Manufactured Home Park Redevelopment Grants. Having community expertise and insights is critical in making effective, informed and transparent decisions. Recruitment of reviewers focuses on representation from across the state and different types of expertise and perspectives, along with voices from the populations to be served, particularly diverse and underrepresented communities. **Excellent addition**

Chapter 1 – Equity and Access*: In reference to fostering co-creation of solutions with communities:* We have a capacity building program that last year awarded about $700,000. The funds are distributed through two RFPs:

- A direct program that provides up to $40,000 directly to local organizations in one-time funding for one-year projects that address housing disparities, build power in communities most impacted by housing challenges and disparities, pilot innovative solutions to housing challenges, and support inclusive and equitable communities. In the most recent round of funding, we funded 14 organizations.

- A program that funds intermediary organizations to provide pass-through grants and/or technical assistance to develop and strengthen the capacity of: (1) communities, (2) stakeholders, and (3) organizations in housing planning, program development and engagement activities**. Focus funding on smaller diverse organizations, newer groups run by people experienced homelessness and /or housing crises**

Chapter 1 – Equity and Access*: In reference to diversifying the partners we fund and with whom we work:* Incentivize development teams that include organizations owned or operated by Black, **Latinx,** Indigenous and people of color and/or women in project scoring.

In our competitive funding process, we first awarded selection points for Black, **Latinx,** Indigenous of people of color-owned or women-owned/operated businesses in the 2018 Qualified Allocation Plan for Low-Income Housing Tax Credits.

Chapter 1 – Equity and Access*: In reference to diversifying the partners we fund and with whom we work:*

- Contract with organizations from and trusted by the community

In 2014, we created the Homeownership Capacity program **(MICAH strongly supported this program development in 2013 and it becoming a permanent program in 2018 and supports significant expansion of this program along with funding and implementation of Housing Opportunities Made Equitable (HOME Law) passed in 2014**) to provide multiyear financial coaching for renters who want to become homeowners but face credit, savings and other barriers and need coaching to become ready.

Chapter 1 – Equity and Access*: In reference to making our program more inclusive and equitable:* A key tactic under this strategy is reviewing program structures, processes, requirements and restrictions with a renewed lens on inclusion and equity. We will focus on identifying and addressing barriers that prevent some households, developers, properties and communities**, including people who have experienced homelessness and or housing crises/instability,** from accessing resources.

Chapter 1 – Equity and Access*: In reference to making our program more inclusive and equitable:* Over the next two years, we will expand this review of our programs. We are already looking at ways to simplify our Consolidated RFP for multifamily development funding and recently made simplifying changes to the Impact Fund's RFP for single-family development. **Simplifying and more user friendly for diverse groups would be very helpful!**

Chapter 1 – Equity and Access*: In reference to addressing systemic barriers:* Future work with stakeholders could include how credit scores are calculated and used. Studies have found that credit scores can be discriminatory**. (This was identified in the Governor's Commission on Affordable Housing in 1989- it would be very helpful to finally address this discriminatory proactively)** For example, some scoring mechanisms have assumed borrowers who received loans from finance companies, which are disproportionately used by borrowers of color, are a worse credit risk than people who received loans from depository institutions. In addition, rent payments typically do not show up on a credit report, while mortgage payments do. Black and Indigenous households and households of color are far more likely to be renters in Minnesota and are typically not getting credit for their timely housing payments, while homeowners are.

Chapter 1 – Equity and Access*: In reference to continually analyzing outcomes and program processes:* For the RentHelpMN program, we are collecting data beyond the six standard race categories (American Indian, Asian, Black, Pacific Islander, white and other) by breaking each category into subcategories – for example, splitting Asian into Hmong, Asian Indian, Chinese, Vietnamese, and other. We are also tracking and monitoring program results by race, disability status and county, which will allow us to adjust, such as revising our marketing and outreach strategies to address areas where we are falling short of our benchmarks**. (Excellent- important to identify diversity within each racial/cultural groups of people)**

Chapter 1 – Innovation: Need more youth housing, multi- generational housing, ADUs, Tiny homes, etc….we do that by listening to diversity of people in designing housing that meets their needs. MICAH is promoting a door way between rental units (like motels use) to expand flexibility for larger families the number of bedrooms by connecting two 3 to create a 6 bedroom unit in LIHTC and other rental.

Chapter 1 – Innovation: Minnesota continues to face persistent housing challenges. More resources to address these challenges, such as more funding for rental assistance and housing development from the federal government, would be a tremendous boost; however, we also need to innovate and remove barriers. We need a culture of innovation and creative thinking, where staff and external partners are encouraged to take risks and try new ideas to achieve the vision that "All Minnesotans live and thrive in a stable, safe home **(all housing needs to be lead paint safe/ lead water safe- see previous comments on Lead Safe Homes)** they can afford in a community of their choice."

Chapter 1 – Innovation: Areas that appear ready for innovative thinking include:

- Creating a more inclusive and equitable housing system, with human-centered design and community co-developed solutions playing a key role,
- Increasing housing production and workforce housing in Greater Minnesota communities,
- Reducing the cost of building new housing, which would include modular and other alternative construction techniques, and
- Enhancing our work around climate change and green/energy-efficient housing.
- **Make all housing units lead safe from lead paint and lead pipes- train and create livable jobs for people with limited income to assist with this project.**

Chapter 2 – Resources for Our Work: For 2022 and 2023, we are currently estimating we will make available $3.95 billion for program investments, our largest plan ever. We expect to deploy roughly $2.0 billion and serve an average of approximately 100,000 households each of the two years. **(MN needs to invest as much money into rental housing for people at 30% median income and below as we do into homeownership)**

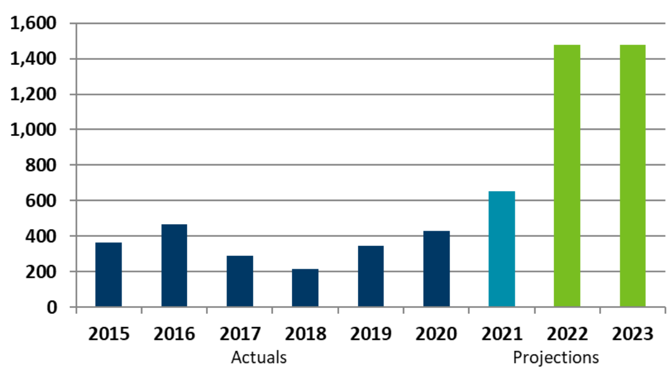
Chapter 2 – Resources for Our Work: Table 2: Overview of 2022-2023 Program Investment Plan – Thank you for continuing to show % of diverse communities utilizing these resources

		2022-2023 Estimated Resources to be Available	2019-2020 Actual Disbursement/ Deployment of Resources	Activity	Median Income Served (2020)	Share of BIPOC (2020)
	Homebuyer Financing and Home Refinancing	**$2,321,770,000**	**$2,150,203,944**			
1	Home Mortgage Loans	$2,200,000,000	$2,055,334,285	First Mortgage	$63,116	32.8%
2	Deferred Payment Loans	$74,770,000	$53,419,875	Downpayment and Closing Cost Loans	$53,899	35.9%

Chapter 2 – Resources for Our Work: **COVID-19 Housing Recovery Funds (lines 31-34).** We anticipate over $535 million in program activity over the next two years. These are very large one-time awards that will require a lot the agency's attention.(**MICAH is hopeful and prayerful that these dollars can be utilized ASAP and the agency will utilize all the flexibility Treasury has provided in updated regulations to get these resources out pay landlords and keep people in their homes.)**

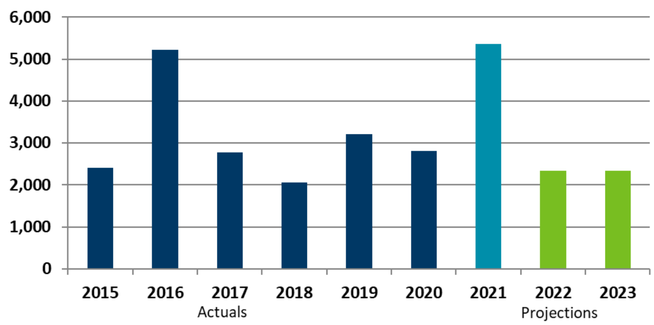
Chapter 2 – Resources for Our Work – *Referring to the unit projection graphs at the end of the chapter*: Please create separate charts for each funding source, to better identify progress made in each program.

Figure 4: Households/Homes Assisted – Other Homeownership Opportunities



Chapter 2 – Resources for Our Work – *Referring to rental production graph*: How many units are being created for youth as defined by Federal Government?

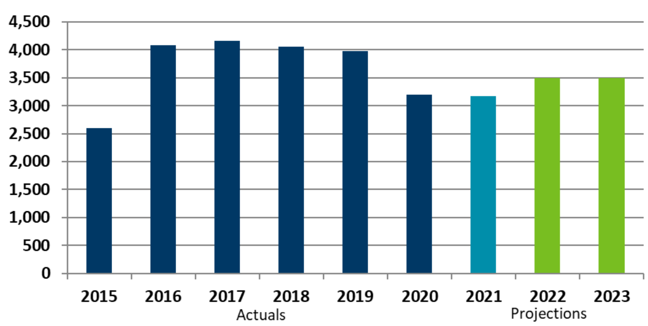
Chapter 2 – Resources for Our Work – *Referring to rental production graph*: (This reduction will not meet the housing needs of Minnesotans)



Chapter 2 – Resources for Our Work – *Referring to rental assistance contract administration*: (Is the agency encouraging the use of the Section 8 Program to expand Homeownership opportunities and educating people about this opportunity ?)

Chapter 2 – Resources for Our Work – *Referring to the projection of households to be assisted by Housing Stability for Populations Needing Extra Supports*: As shown in Figure 9, overall activity in rental assistance and operating subsidies declined after 2019 when the Minnesota Department of Human Services took over the administration of some operating subsidies in supportive housing developments that we had previously administered for them. **(why did it decline, why was this change made?)** (Figure 9 includes the four regular rental assistance programs and Housing Trust Fund operating subsidies.)

Figure 9: Households/Units Assisted – Agency Rental and Operating Assistance



End Notes – We really appreciate all these excellent footnotes/resources in the report!

Appendix A – Overview of Funding Sources: Our strong balance sheet and financial resources are a key strength. **(We appreciate the excellent job you do with our tax and financing resources, we do again request you to be more transparent on your entire budget including staff costs and special projects and funding such as the Interagency Council on Homelessness and funding of HMIS, Coordinated Entry and other TA work and providing stipends for people experiencing homelessness/housing crises involvement in listening sessions, decision making, implementation and evaluation of your programs.)** This Appendix describes each of our funding sources and outlines how we will use them in 2022 and 2023. Table A-1 shows estimates of our planned program investments by funding source. Table A-2 is a crosswalk that shows how we currently plan to allocate resources from each source to each program.

Appendix B – Program Descriptions – Home Mortgage Loans: We remain committed through our programs to serve Black and Indigenous households, **Latinx** households of color, and households with incomes below 80% of area median income.

Appendix B – Program Descriptions – Homeownership Education, Counseling and Training: 56% of households ***served in 2020*** were Black, Indigenous**, Latinx?** or households of color - **(what was breakdown by each group of diverse people served?**

Appendix B – Program Descriptions – Enhanced Homeownership Capacity Initiative: Black, Indigenous, **Latinx**, and households of color are an increasing share of the state's population, yet Minnesota's homeownership disparity (the homeownership rate differential between white/non-Latinx households and Black Indigenous and households of color) is the fourth highest in the nation. These households often struggle to access the mortgage market. … 83% of households ***served in 2020*** were Black, Indigenous **Latinx**, or households of color. … The estimated 2022-2023 resource availability is $3,000,000**. (We strongly encourage increasing this amount out of agency resources/appropriations to meet diversity goals in homeownership)**

Appendix B – Program Descriptions – Home Improvement Loan Program: 11% of households ***served in 2020*** were Black, Indigenous or households of color **(we encourage stronger focus on diverse communities and include making homes Lead Safe)**

Appendix B – Program Descriptions – Multifamily First Mortgages: For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported: **Good work!**

- 18 loans for developments with 1,176 units
- $81,544,844 total loan amount
- $69,341 average LMIR assistance per unit
- A median household income of $26,190 or 29% of the statewide median income
- 59% of households were Black, Indigenous or households of color

Appendix B – Program Descriptions – Low-Income Housing Tax Credits: Please identify how this program and other rental and homeownership programs are Affirmatively Furthering Fair Housing and identify specific sites units funded are being created throughout the State.

Appendix B – Program Descriptions – National Housing Trust Fund: (This funding should be used to create affordable units without supportive services)

Appendix B – Program Descriptions – HOME: (MICAH continues (as we have for decades) to encourage the agency to utilize some of these funds for tenant based rent subsidies)

Appendix B – Program Descriptions – Rental Rehabilitation Deferred Loan Pilot Program: **(We believe this program requires the units must address lead paint hazards to utilize these funds, is that correct? Does it require addressing lead in water/lead pipes?)**

15% of households ***served in 2020*** were Black, Indigenous or households of color **(We encourage outreach, priority/ targeting funds for units , to increase this percentage of diverse households ….there is a disproportionate number of diverse people live in older rental units that may need rehab funds).**

Appendix B – Program Descriptions – Publicly Owned Housing Program: 24% of households ***served in 2020*** were Black, Indigenous or households of color **(this seems like a low percentage is there priority given to funds serving diverse populations?)**

Appendix B – Program Descriptions – Workforce Housing Development Program: For the Program Assessment period of October 1, 2019 – September 30, 2020, we reported:

- 4 loans for developments with 99 units
- $2,806,020 total loan amount
  What percentage of diverse populations were served?

Appendix B – Program Descriptions – Workforce Housing Development Program: Geographic distribution of developments is important in understanding differences in assistance (and tenants assisted) between PBCA and TCA. - **please describe and spell out/identify these program names.(since 2005** A greater proportion of PBCA units are in the Twin Cities Metropolitan Area than TCA units.

Appendix B – Program Descriptions – Housing Trust Fund: Historically, funding for the HTF has been used to fund capital, rental assistance and operating subsidy expenses. In recent years, **(since 2003-2005 (after initially resisting/ opposing the RAFS program (Rental assistance for Family Stability being included in HTF) the agency has utilized almost all of HTF to provide rent subsidies subsidize supportive housing projects)** we have used HTF state appropriations for rental assistance and operating subsidies at some developments previously financed by Minnesota Housing. Households served by HTF include High Priority Homeless (HPH) families and individuals, defined as households prioritized for permanent supportive housing by the Coordinated Entry System for homelessness services. **These resources need to be utilized to serve people who do not need supportive services as it was designed and passed in 1988.**

Appendix B – Program Descriptions – Homework Starts with Home: Homework Starts with Home is a state-funded program that provides rent assistance and other supports to families with school-age children experiencing housing instability. We administer it in partnership with the Department of Education (MDE) and others. The program was created in response to the increasing number of students experiencing homelessness and is built upon the successful

Rental Assistance Pilot for Homeless and Highly Mobile Families **(this type of program was funded from HTF in 2005)**.

Appendix B – Program Descriptions – Section 811: (We are encouraged to see the agency utilizing this program more)

Appendix B – Program Descriptions – Family Homeless Prevention and Assistance Program: This is an excellent program passed in 1993, that provides flexible funding with outcome expectations and allows local communities to create their own program designed to achieve those outcomes. Requires diversity of groups and including people experiencing homelessness to be on decision making committees

62% of households ***served in 2020*** were Black, Indigenous or households of color
Please provide a break out the number of families, couple, singles, youth served

Appendix B – Program Descriptions – Housing Opportunities for Person with AIDS: Minnesota Housing will renew Rainbow Health's HOPWA contract for 2022 and will begin community engagement this fall on the next 5-year Consolidated Plan including an exploration of other eligible HOPWA activities such as Tenant-based Rent Assistance. **(Excellent!)** The 2023 allocation will be awarded through a competitive RFP.

Appendix B – Program Descriptions – Multiple Use Resources: (All funds should require Housing units are Lead Safe.)

Appendix B – Program Descriptions – Housing Infrastructure Bonds: Program Performance and Trends **(Please identify if these were supportive housing units or not and other subsidies the agency provides to maintain affordability.)**

Appendix B – Program Descriptions – Workforce and Affordable Homeownership Development Program: Based on resources available for new activity, we expect to support the construction of about 50 homes each of the two years.
Percentage of units for diverse populations?

Appendix B – Program Descriptions – Manufactured Home Community Redevelopment Program: While this program was created in statute in 2001, it was funded for the first time for the 2020-2021 biennium. Under this program, we will focus on infrastructure improvements, such as storm shelters and community facilities, to preserve manufactured home communities. Acquisition is also an eligible use. **(Excellent)** … Based on resources available for new activity, we expect to support the construction of about 185 manufactured home lots each of the two years. In addition, as described in the HIB program description, we will also be able to annually support roughly another 765 lots with that resource. **(Excellent)**

Appendix B – Program Descriptions – Technical Assistance and Operating Support: Providing resources for the state's homeless response system – including the state's Homeless Management Information System, the regional Continuum of Care's homelessness assistance planning, and coordinated entry; **(How much funding for each of these programs?** … For the Program Assessment period of October 1, 2019 – September 30, 2020, we funded $1,426,159 of activity under this program. **Please identify each program funded and how much funding for each program.** … The estimated 2022-2023 resource availability is $3,790,000. **Please identify each program funded and how much funding for each program.**

Appendix B – Program Descriptions – Local Housing Trust Funds: The agency will consult with interested stakeholders when developing the guidelines, applications and procedures for the program. **(please include people experiencing homeless and housing instability)**

Appendix B – Program Descriptions – RentHelpMN – Emergency Rental Assistance Program (ERAP): As a rough estimate, we expect to provide about $400 million to assist approximately 50,000 renter households during the two-year period of 2022 and 2023 – very roughly 25,000 renter households each year. In all likelihood, we will serve more in 2022 and fewer in 2023**. Please identify how rest of the $137 million will be spent by the agency. How much spent on administration?**

September 14, 2021

Minnesota Housing Finance Agency
400 Wabasha Street, Suite 400
St Paul, Minnesota 55102
Sent via email to mn.housing@state.mn.us

RE: Comments on the 2022-2023 Affordable Housing Plan

Dear Commissioner Ho & the Minnesota Housing Board:

On behalf of Minnesota NAHRO and its members, thank you for the opportunity to provide comments to the 2022-2023 Affordable Housing Plan (AHP). Minnesota NAHRO members own, manage or administer subsidized rental housing in Minnesota including all public housing units plus the administration of the Housing Choice Voucher/Section 8 program. Much has happened in the affordable housing industry during the pandemic, and this plan is the first opportunity for many stakeholders to provide comment on the impact of state programs on our ability to address the need for affordable housing during these challenging market environments.

Overall, Minnesota NAHRO supports the 2021-2023 Affordable Housing Plan. Like Minnesota Housing, Minnesota NAHRO and its member agencies throughout the state share the same goal to address the significant lack of quality affordable housing. We look forward to working with Minnesota Housing to invest in our communities and connect all Minnesotans to safe, quality, affordable homes. As both of our organizations are keenly aware, the strength of our communities and the success of Minnesota depends on creating solutions to the many housing challenges facing Minnesota families.

Our comments today, however, focus on how the federal Housing Choice Voucher program interacts with many of the components of the AHP. As the administrators of the HCV program across the state, our members will be critical partners at the local level to implement many of the identified strategies. As such, our comments below focus on ways in which we can work together to maximize the Housing Choice Voucher program to better serve our communities.

HCV Relies on Housing Authorities & Landlords
At both the state and federal level, the Housing Choice Voucher (HCV) program has been identified as a critical tool to addressing the ongoing impact of the pandemic as well as helping families afford their rental housing especially in a tight housing market. This program requires three actors for an HCV to be utilized: 1) the housing authority, 2) the tenant, and 3) the landlord. It is of great concern to Minnesota NAHRO and its members that in the current housing market, we see a lack of landlords participating in the program, and this has only been exacerbated by the impact of the eviction moratorium due to the pandemic.

Under the current AHP, there is little discussion of how the programs will address the lack of landlord participation. Minnesota NAHRO and our members have experience dealing with this issue, and we have implemented many changes to our programs to increase landlord participation. Specifically, many HUD waivers due to the pandemic have allowed for local program flexibility that improved the inspection process and allowed agencies to address low “fair market rent” provisions. These changes along with the stable contract payments during the eviction moratorium provide a rare opportunity to attract more landlords to the program.

Production of Affordable Rental Housing Serving Below 30% AMI
In the discussion of this key goal #2, the agency specifically points to the need for local housing authorities to “project base” vouchers (PBV) to help achieve this goal. Minnesota NAHRO recognizes the value of PBV but urges the agency to work with housing authorities to identify other approaches to achieve the desired outcome. Specifically, the federal administrative requirements and costs to support a PBV program is much higher for housing authorities compared to a tenant based voucher. Minnesota NAHRO urges the agency to work with housing authorities to better understand the federal issues with PBV and to better utilize the HCV program.

Moreover, there may be other approaches that achieve the same outcome but do not require use of the more challenging PBV. Again, Minnesota NAHRO urges the agency to discuss options with local HRAs including those in rural and Greater Minnesota. In these areas, the HCV program may be sufficient to achieve the goal without the administrative burden and cost of PBV.

Preservation of Naturally Occurring Affordable Housing (NOAH)
The investment outlined in the AHP will help to produce affordable rental housing, and these units will be available to HCV households. However, these units will not be online for years to come, and we need investment in strategies to increase the number of existing units in the HCV program. In the near term, investment in the preservation of naturally occurring affordable housing (NOAH) will help capture existing units that can be used to house families with HCV. Minnesota NAHRO urges the agency to establish a pipeline funding source that will help ensure NOAH properties can be purchased by owners who participate in the HCV program thereby increasing the supply of units available to the program. Moreover, this financing should be available to and used by local PHAs and HRAs as these local housing authorities are the most likely to maintain NOAH properties units as affordable over the long term.

Thank you again for the opportunity to submit these comments on behalf of Minnesota NAHRO member agencies. If we can be of further assistance, please do not hesitate to contact me.

Sincerely,

Shannon

Shannon Guernsey, JD
Executive Director

Minnesota Realtors®
11100 Bren Road West | Minnetonka, MN 55343 952.935.8313 | 800.862.6097 www.mnrealtor.com

September 13, 2021

Minnesota Housing
400 Wabasha St. N, Suite 400
St. Paul, MN 55102

Minnesota Housing:

Thank you for the opportunity to provide comments on the draft 2022-2023 Affordable Housing Plan (AHP).

Minnesota Realtors® is the largest professional trade association in the state with over 20,000 members engaging in all aspects of the real estate transaction. Our members work with buyers, sellers, and those aspiring to become homeowners, every day.

The COVID-19 pandemic created financial challenges for both tenants and housing providers. Many housing providers in Minnesota have only one or two properties and, just as tenants rely on their income to pay rent, they rely on rent payments to maintain their properties. Without rent payments, many of Minnesota's "mom & pop" housing providers are struggling to make mortgage payments on their properties or keep them from going into disrepair.

The hundreds of millions of dollars in federal rental assistance Minnesota received will help tenants and housing providers, however the pace at which those funds are released has lacked the urgency this situation requires. Minnesota Realtors® strongly encourages Minnesota Housing to move more quickly and efficiently with respect to the allocation of rental assistance to ensure that the needs of both tenants and housing providers are met as soon as possible.

Minnesota Realtors® appreciates that the draft AHP highlights the current lack of adequate housing inventory in Minnesota, particularly at the most affordable price points. This lack of housing inventory has resulted in an increased level of competition for the homes that are available, which is driving up prices to record levels.

Minnesota Realtors® welcomes the opportunity to work with Minnesota Housing and other stakeholders on identifying actions that can be taken to remove barriers to developing more homeownership opportunities, which will help create better balance in the market between the supply of homes at all price points and demand for those homes.

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The draft AHP also references the persistent challenge of the homeownership disparity gap between white/non-Latinx households and Black, Indigenous and households of color in Minnesota. Minnesota Realtors® concurs that this is a serious challenge, and we welcome the opportunity to continue working with Minnesota Housing and other stakeholders on this issue, especially with respect to the role down-payment assistance can play in helping to reduce the homeownership gap.

Minnesota Realtors® looks forward to working with Minnesota Housing on issues of common interest and we are happy to serve as a resource on matters related to Minnesota's housing market.

Again, thank you for the opportunity to provide comments on the draft 2022-2023 Affordable Housing Plan.

Sincerely,

Paul Eger

Paul Eger
Vice President, Governmental Affairs
Minnesota Realtors®

2550 University Avenue West, Suite 350 South
St. Paul, MN 55114-1900

Submitted by Electronic Mail: *mn.housing@state.mn.us*

September 14, 2021

Re: Draft 2022-2023 Affordable Housing Plan

To Whom it may concern:

On behalf of LeadingAge Minnesota, thank you for the opportunity to comment on the draft 2022 – 2023 Affordable Housing Plan. Our membership encompasses over 1,000 organizations statewide. Together with more than 50,000 caregivers, our members serve nearly 70,000 seniors every day in all of the places they call home, including private homes, independent senior housing, assisted living communities, and skilled nursing facilities, and through adult day services. LeadingAge Minnesota is the largest association of organizations serving Minnesota seniors.

The population of 65+ households in Minnesota is on the steep rise and will increase by 32% just between 2020 and 2030.[i] By 2030, more of our state's 65+ households will be Black, Indigenous and households of color compared to today. Between 2010 and 2018, the fastest growing racial group in Minnesota was the Black or African American population, which grew by 36%, adding more than 96,500 people. Second fastest was the Asian population, which grew by 32%, adding 69,800 people, followed by the Hispanic or Latin(x) population, which grew by 24%, adding 59,000 people. (Black or African American and Asian race groups are that race "alone" and not Hispanic or Latin). These demographics are reflected in the senior population trends as well. This points to the immediate and growing need for more affordable rental housing for older adults with the lowest incomes, as well as additional resources needed to help people remain in their current homes when possible. **Our greatest concern with the 2022-2023 Affordable Housing Plan is the failure to include specific strategies to address the housing needs for frail, low income seniors.** A specific inclusion of affordable senior housing is a needed addition to the draft plan. Most affordable housing waiting lists are several years long or are closed completely. The impact of the lack of affordable housing options for seniors is that it may lead to either homelessness or more costly living options such as assisted living or nursing home care. This is demonstrated in the latest Wilder Foundation Homeless study report: "The 1,054 homeless adults age 55 and older who were counted in the 2018 study is the largest number of older adults identified since the study began asking shelters for specific counts of this age group in 2009. The number of homeless adults age 55 and older increased 25% from 2015, which is substantially greater than the increase in this age group in the overall Minnesota population (8%; U.S. Census Bureau, 2015 and 2018 Population Estimates)."

Equity and Access: Homeownership

The choice to remain in one's own home is only possible with the resources to do so. Far too often, and much more so than white/non-Latinx households, Black, Indigenous and households of color reach retirement age with very little wealth accumulation. This kind of wealth accumulation, the kind that gives people choices on where to live, on installing accessibility features, on bringing in services to meet changing needs, comes primarily from being a homeowner before retirement. We applaud Housing Minnesota's plan to invest greatly to address the very large homeownership disparity between white/non-Latinx households and Black, Indigenous and households of color. We recognize this is a longer-term strategy; for 65+ households of the future, closing the disparity today will make an incredible difference.

Expanding the Supply of Rental Housing

More affordable and accessible housing is critical today for older adults, which is why we support the draft plan's focus on affordable rental housing for the lowest income households as well as resources to rehabilitate and improve existing owner-occupied homes. We encourage some points be given in the HIB consideration process for affordable housing specifically designed for those 65 and over.

In 2019, before low income older adults lost jobs because of COVID, which they'll be among the last to recover if history is any guide, 48.7% of 65 – 79 year old and 72.1% of 80+ Minnesotans were housing cost burdened with 22.1% and 48.3%,[ii] respectively, being severely housing cost burdened and spending more than half of their incomes for housing. Some older adult households will need supportive housing, some will need support for their mental illness, some will have experienced homelessness, but all need affordable housing. We urge the 2022 - 2023 Plan to call out the need for affordable rental housing connected to community-based services and supports to help more Minnesotans age in community.

Expanding the Supply of Accessible Housing

Rehabilitating and improving existing homes is critical to older adults' ability to age in community. In 2020, about 21.8% of Minnesota's 65+ households rent their homes. By 2040, the Urban Institute predicts this will rise to 23.8% of our state's 65+ households renting.[iii] We implore the state to work with landlords and renters to help make rental housing as accessible and age-friendly as possible. We recommend the Rehabilitation Loan Program should be modified to work with both owner- and renter-occupied units because needed modifications may be cost-prohibitive for many renters as well as owners.[iv]

Technical Assistance and Operating Support

LeadingAge Minnesota also supports the 2022 – 2023 Plan's proposed increase in funding for Technical Assistance and Operating Support. There appears to be tremendous resource possibilities for affordable housing from the federal government should the Build Back Better proposal become law. It is critical that Minnesota's potential recipients of these funds are well-prepared to compete and to use these funds as quickly as possible to address our state's pressing housing needs.

Thank you for considering our views.

Sincerely,

Bobbie Guidry
Vice President of Assisted Living and Housing

[i] https://www.urban.org/policy-centers/housing-finance-policy-center/projects/forecasting-state-and-national-trends-household-formation-and-homeownership/minnesota
[ii] https://www.jchs.harvard.edu/housing-americas-older-adults-2019
[iii] https://www.urban.org/policy-centers/housing-finance-policy-center/projects/forecasting-state-and-national-trends-household-formation-and-homeownership/minnesota
[iv] https://housingmatters.urban.org/feature/owners-and-renters-home-modification-assistance-can-be-lifeline?utm_source=%20urban_newsletters&utm_medium=news-HHM&utm_term=HHM

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Summary of Public Comments and Agency Responses
Draft 2022-2023 Affordable Housing Plan

This summary covers public comments that address higher-level need, resources allocation or program issues. It does not address detailed program issues, which are not in the scope of the Affordable Housing Plan (AHP). These detailed issues are addressed in other agency documents, including program guides, our Qualified Allocation Plan, Requests for Proposals, and others. The full comments that the public provided, which are provided in separate document, have been shared with Minnesota Housing staff, who will take these more detailed program issues into consideration when revising or updating those other program documents.

- The $2 billion funding gap in the AHP between homebuyer financing/refinancing compared with new rental production seems extraordinary and should be reduced. (Hawkinson)

    Response: *We agree that we need more funding for developing affordable rental housing. The AHP provides estimated rental resources based on known legislative actions. The agency continues to push for significant federal and state investments for rental housing, including $250 million in Housing Infrastructure Bonds in the 2022 Legislative Session, as well as additional federal resources, including tax credits, HUD programs and tax-exempt bonds. We want to do more without doing less of something else.*

- Building deeply affordable rental units to serve households with incomes at or below 30% of the area median income (AMI) needs to be a top priority. Minnesota Housing's goal of 45% of new rental units being deeply affordable falls short of the need. To meet the need, the state needs to provide more capital resources and not rely on "project-basing" Housing Choice Vouchers. (Housing Justice Center, MICAH, and NAHRO, which commented on project-basing vouchers)

    Response: *We agree that we need more capital funding to develop deeply affordable rental housing. The 45% goal is not a reflection of the need but of what we can realistically achieve with current levels of funding. We are requesting $250 million in Housing Infrastructure Bonds and are pursuing a new use for rental housing that would prioritize housing at 30-50% AMI because building housing at deeper affordability levels requires more resources.*

- Due to the scarcity of workforce housing, Minnesota Housing should not pull away from financing housing with rents at 60% of AMI. (Hawkinson)

Response: *We agree that more affordable housing is needed across all low- and moderate-income levels. It is important that our programs serve a range of income and rent levels since our programs are statewide and each community has different and evolving needs. Our programs must serve the needs of Greater Minnesota where the starting wages for manufacturing jobs can often be right around 60% AMI while housing with rents affordable at 30% of AMI is often workforce housing. For example, in the Twin Cities Metro, rent that is affordable at 30% of AMI for a two-bedroom unit is about $700 per month, which would require a single parent working full time at $13.50 per hour to afford, and that wage is higher than Minnesota's $10.08 minimum wage. In addition, there is a far greater need for more units affordable at 30% of AMI than between 50% and 80% of AMI. In Minnesota, 129,000 renter households with an income at or below 30% of AMI are cost burdened (with housing payments accounting for more than 30% of their gross income) while only 35,000 renter households with incomes between 50% and 80% of AMI are cost burdened.*

- The AHP should address Minnesota Housing's efforts to move households through the affordable housing continuum and into homeownership, particularly those with higher incomes living in rental units affordable at 30% of AMI who are ready for homeownership. (Homeownership Minnesota)

  Response: *Supporting homeownership for people currently living in affordable rental housing and who can/want to become homeowners is critical. It not only makes homeownership a reality for more Minnesotans, but it also frees up their previous affordable rental units for others. In recent years, we have teamed up with housing partners to promote homeownership in specific rental developments.*

- The AHP's estimate of resources that Minnesota Housing expects to make available over the next two years lumps single-family development resources into "Multiple Use Resources." For increased transparency, the ownership production resources should be pulled out. (Homeownership Minnesota)

  Response: *The resources identified by the commenter refer to the Economic Development and Housing 'Challenge' Program and Housing Infrastructure Bonds. Both are shown in Table 2 of the AHP. These resources can be used for either single-family or multifamily development, and we won't know the split until we have completed the RFP selection process each year. In Table 3, we do provide a rough estimate of the units that we expect to finance with these resources, which pulls out the single-family units - see row 28 of Table 3. The multifamily units are shown in the rental production section of Table 3. The program activity in rows 31 and 32 also supports single-family units.*

- Given the price of land and materials, affordable housing cannot be built for less than $400,000. Townhomes can't be built under $325,000. We either need a huge subsidy or look at different types of single-family housing. Look across the world to see how homes are built. The agency should also support new, creative ownership models and alternatives to detached, single-family homes. (Hoover, Housing Justice Center, Homeownership Minnesota)

  Response: *We agree. The Impact Fund (the single-family part of the Economic Development and Housing Challenge program) allows for innovative models and different types of single-family development. We'd like to select more and different models through this program. The draft AHP also outlines greater support for manufactured homes and communities and states that alternatives to traditional, single-family, detached homes (including townhomes, condominiums, and others) will be a part of the strategy to make owner-occupied homes more affordable. Finally, we have started looking at possible cooperative-ownership models for multifamily housing.*

- Minnesota Housing should proactively expand its NOAH (Naturally Occurring Affordable Housing) work to include owner-occupied single-family housing. Large corporations are rapidly purchasing these homes and converting them to rental. (MICAH)

  Response: *We agree that this is a significant issue and one that we hope to address in the 2022 state legislative session. On the single-family side, an eligible use of the Economic Development and Housing Challenge program is the acquisition, rehabilitation and resale of single-family homes to low- and moderate-income homebuyers.*

- Minnesota Housing should establish a pipeline funding source that will help ensure NOAH properties can be purchased by owners who participate in the Housing Choice Voucher program, including PHAs and HRAs. (NAHRO)

  Response: *Our Strategic Plan (page 13) states that we will look for ways to expand financing options for Naturally Occurring Affordable Housing (NOAH). We hope to address the NOAH issue in the 2022 State Legislative Session. Besides acquisition we understand that there are longer-term financing needs as well as rehabilitation needs.*

- There is not enough affordable housing for low-income seniors in Minnesota, which should be located near shopping and medical facilities. Single-level townhomes work well for seniors. This work needs to include not only new units but also rehabilitation and retrofitting existing homes. Lower-income, frail seniors are particularly vulnerable to housing instability. (Smith, Somnis, and LeadingAge)

Response: We agree. Our [Strategic Plan](#) (page 24) has a section devoted to housing for older Minnesotans. We are also actively participating in Governor Walz's Age-Friendly Council, which is taking steps get Minnesota communities designed as Age-Friendly by the AARP. In the revisions to the AHP, we will look find ways to more clearly articulate our initiatives for the next two years to address housing for older Minnesotans. We think the federal government should provide more resources for this issue.

While all our programs serve older Minnesotans, we have a few that are particularly effective in serving them. Building affordable senior housing is an eligible use of Housing Infrastructure Bonds (HIBs), and under this AHP, we expect to make available roughly $120 million for all HIB uses (which is contingent on the federal government not providing similar resources in the next few months). In addition, 45% of the tenants in projected-based Section 8 units are seniors; and 47% of the households served by our Rehabilitation Loan Program (zero-interest, deferred, and forgivable home improvement loans for extremely-low income homeowners) are seniors.

- A key resource that is not addressed in the AHP and should be explored and utilized by Minnesota Housing is HUD's Faircloth to RAD program. (Housing Justice Center)

  Response: *We agree that HUD's Faircloth to RAD program needs further exploration, and we support conversations with Public Housing Authorities (PHAs) about it. Many PHAs operate fewer units with rental assistance than their "Faircloth" limits, which are caps on the number of public housing units the federal government would support. HUD has developed a way for PHAs to use their existing "Faircloth Authority" to create new housing with rental assistance through the Rental Assistance Demonstration (RAD) program. HUD recently issued guidance on these conversions that should be helpful. Under Minnesota Housing's Consolidated RFP processes, if PHAs committed Faircloth units as rental assistance to developments applying for funding, those projects would likely score better in the selection process.*

- Minnesota Housing should support informal hosting arrangements (living with extended family, friends, neighbors etc.) to address youth homelessness, which is prioritized in *Heading Home Together: Minnesota's 2018-2020 Action Plan to Prevent and End Homelessness*. (CloseKnit)

  Response: *As we support the Minnesota Interagency Council on Homelessness (which is housed within Minnesota Housing) in developing and implementing the next iteration of the state's plan to prevent and end homelessness, we will take the commenter's recommendations into account. Currently, the Minnesota Department of Human*

Services' (DHS') Homeless Youth Act is the primary way the Interagency Council supports this action item.

- Minnesota Housing should create of an advisory panel of young Minnesotans 25 and under, who have been or are experiencing homeless. (Rogers and Nathan)

  ***Response**: A key strategy outlined in the AHP is fostering co-creation of solutions with communities. As we work with stakeholders across the state to develop the Interagency Council's new Housing, Health, and Racial Justice Plan for people experiencing homelessness, young people and others experiencing homelessness will provide crucial guidance and expertise. We will be creating multiple opportunities for engaging people experiencing homelessness in this process.*

- Minnesota Housing needs to ask those in the community what types of housing they need, and brainstorm on how they can eventually purchase, if they'd like to. (Hoover)

  ***Response:** A key strategy outlined in the draft AHP is to better foster co-creation of solutions with communities through several of our programs and activities.*

- The plan does not appear to have any specific implementation goals on working with suburbs and supporting their staffing and financing limitations. If a city does not have an HRA, it likely it does not have staff dedicated to housing redevelopment efforts. Is there a model where you could provide shared services to help suburbs with the expertise to start and execute affordable housing projects? (Mayor Niedfeldt-Thomas of New Brighton)

  ***Response**: Our staff would be happy to meet with the City of New Brighton to discuss what you're thinking, explore options and potentially make connections.*

- The plan appears to focus on metro housing needs and not address the needs of smaller, rural communities. (Central Minnesota Housing Partnership, Housing Justice Center)

  ***Response:** Having housing programs that can meet any community's housing needs is a goal of the agency. Through our funding decisions, we strive to achieve equitable access to our resources across regions and communities, but we know some geographies struggle to access resources. The equity section of the draft AHP highlights steps that we will take to reduce barriers that small, rural communities face, which would include program and application simplification. We are always open to specific suggestions to better serve smaller communities, such as those with less than 5,000 residents.*

  Minnesota Housing has programs specifically designed to serve smaller communities in Greater Minnesota. Our Workforce Housing Development program only serves Greater

Minnesota and targets small to mid-sized communities. Our Rental Rehabilitation Deferred Loan program also only serves Greater Minnesota and focuses on preserving smaller rental properties, which are often in smaller communities. As our 2020 Program Assessment Report highlights (page 22), we have achieved relative regional equity in awarding competitive grant and deferred-loan funds. For example, Greater Minnesota has 45% of the state's lower-income households that are cost burdened by their housing payments, and in 2018 through 2020, 46% of our competitive funds went to Greater Minnesota.

- The Enhanced Homeownership Capacity program should be expanded. (MICAH)

  Response. *We agree that this is an effective program and worthy of expansion. We will look for opportunities to access additional funding. The program is primarily funded with Pool 3 funds, which is a scarce resource in high demand.*

- Minnesota Housing should have a goal around making housing free of lead. (MICAH)

  Response. *We agree that lead poisoning is an important housing safety issue. Several of our programs fund lead mitigation, but do not solely address the issue. We are aware of MICAH's bill to address this issue, and we expect that will be a topic in the 2022 legislative session.*

- The pace at which RentHelpMN funds are being released does not align with the urgency this situation requires. Minnesota Housing should move more quickly and efficiently.

  Response. *Given the urgency of the need, distributing the resources as quickly and efficiently as possible while also meeting all program requirements is our top priority. We are continually identifying and implementing actions to streamline the process.*

- Rather than giving handouts, support work through incentives and reduce crime. If you are giving rental assistance - it should be paid directly to the landlord. (Lemke and Kaiser)

  Response: *Housing is not affordable to many people across the state, regardless of their level of employment. Rental assistance is predominately paid to property owners and landlords, and with our regular rent assistance program, the renter pays 30% of their income towards rent. Evidence-based research clearly demonstrates that housing programs and housing stability are critical to positive outcomes in education, health and the economy.*

- Minnesota Housing is creating systemic racism by making resources for housing, homeownership and loans based on color. (Lemke)

Response: *We are addressing existing systemic discrimination by taking steps to make sure all Minnesotans have equitable access to housing resources. All eligible households can receive our resources, regardless of race. Minnesota Housing does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, gender identity, or sexual orientation in the provision of services.*

MINNESOTA HOUSING

Board Agenda Item: 9.A
Date: 9/23/2021

Item: Semi-annual Variable Rate Debt and Swap Report as of January 1, 2021.

Staff Contact(s):

Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us

Request Type:

☐ Approval
- ☐ Motion
- ☐ Resolution

☒ No Action Needed
- ☐ Discussion
- ☒ Information

Summary of Request:

The Agency's board-approved Debt and Balance Sheet Management Policy calls for the ongoing review and management of swap transactions including regular report to the board. This reporting is accomplished through the Semi-annual Variable Rate Debt and Swap Performance Report.

Fiscal Impact:

None.

Meeting Agency Priorities:

- ☐ Improve the Housing System
- ☐ Preserve and Create Housing Opportunities
- ☐ Make Homeownership More Accessible
- ☐ Support People Needing Services
- ☐ Strengthen Communities

Attachment(s):

- Semi-annual Variable Rate Debt and Swap Performance Report

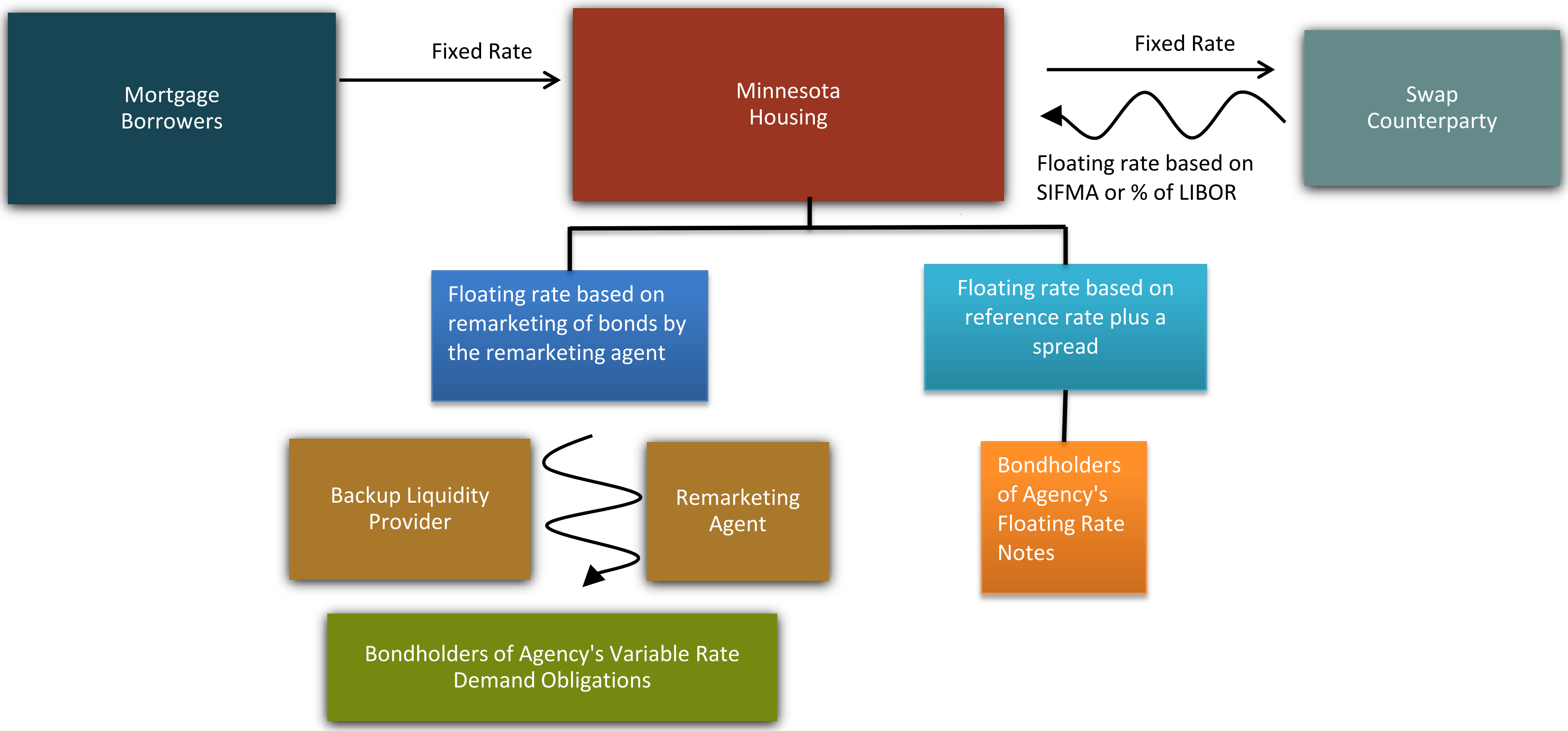
MINNESOTA HOUSING

Semi-annual Variable-Rate Debt and Swap Performance Report

July 1, 2021

Table of Contents

Floating-to-Fixed Interest Rate Swap Structure



Overview of Swaps

July 1, 2021

Bond Series	Effective Date	Original Notional Amount of Swap	Notional Amount Outstanding	Counterparty	Floating Rate Received
RHFB 2015 D	8/11/2015	$ 18,225,000	$ 18,225,000	Royal Bank of Canada	67% of LIBOR
RHFB 2015 G	12/8/2015	35,000,000	33,500,000	Royal Bank of Canada	67% of LIBOR
RHFB 2016 F	12/22/2016	50,000,000	46,650,000	Royal Bank of Canada	67% of LIBOR
RHFB 2017 C	1/1/2019	40,000,000	40,000,000	Wells Fargo	67% of LIBOR
RHFB 2017 F	12/21/2017	40,000,000	40,000,000	Wells Fargo	67% of LIBOR
RHFB 2018 D	6/28/2018	35,000,000	35,000,000	The Bank of New York Mellon	70% of LIBOR + 43 basis points
RHFB 2018 H	12/12/2018	35,000,000	35,000,000	Royal Bank of Canada	70% of LIBOR
RHFB 2019 D	4/11/2019	45,000,000	45,000,000	Royal Bank of Canada	70% of LIBOR
RHFB 2019 H	9/11/2019	43,985,000	43,985,000	The Bank of New York Mellon	100% of LIBOR
	Totals	**$ 342,210,000**	**$ 337,360,000**		

Basis Risk

July 1, 2021

Bond Series	Effective Date	VRDO's/FRB's and Swaps Outstanding	Net Variable Interest (Paid) Received Basis Risk (cumulative)	Contractual Swap Fixed Rate Paid	Effective Net Payment Rate*	Effective Rate As a Percentage of Swap Fixed Rate
RHFB 2015 D	8/11/2015	$ 18,225,000	$ (105,851)	2.343%	2.442%	104.209%
RHFB 2015 G	12/8/2015	33,500,000	(147,105)	1.953%	2.029%	103.868%
RHFB 2016 F	12/22/2016	46,650,000 [2]	(264,150)	2.175%	2.292%	105.368%
RHFB 2017 C	1/1/2019	40,000,000	(110,364)	2.180%	2.290%	105.063%
RHFB 2017 F	12/21/2017	40,000,000	(103,695)	2.261%	2.334%	103.250%
RHFB 2018 D	6/28/2018	35,000,000 [3]	(10,741)	3.1875%	3.198%	100.320%
RHFB 2018 H	12/12/2018	35,000,000	(514,926)	2.8035%	3.380%	120.557%
RHFB 2019 D	4/11/2019	45,000,000 [4]	(69,494)	2.4090%	2.478%	102.885%
RHFB 2019 H	9/11/2019	43,985,000	(52,247)	2.1500%	2.216%	103.060%
	Totals	**$ 337,360,000**	**$ (1,378,573)** [1]			

*Fixed Rate plus/minus the net of variable rate paid/received, as of 7/1/2021.

[1]The cumulative total variable interest paid of $11,086,875 on all outstanding VRDO's/FRB's and all variable interest received of $9,708,302 on the outstanding swaps results in a net payable of $1,378,573.

[2]The variable rate debt outstanding for RHFB 2016F is $48,135,000

[3]The variable rate debt outstanding for RHFB 2018D is $34,465,000

[4]The variable rate debt outstanding for RHFB 2019D is $44,410,000

Counterparty/Termination Risk

July 1, 2021

Related Bond Series	Counterparty	Short-term Credit rating[1]	Long-term Credit Rating of Provider at Swap Inception[1]	Current Long-term Credit rating[1]	Long-term Credit Outlook[1]	Notional Amount Outstanding	Swap Maturity	average life	Swap Fixed Rate	Fair Value[2] as of 6/30/2021
RHFB 2015 D	Royal Bank of Canada	P-1/A-1+	Aaa/AA-	Aa2/AA-	Stable/Stable	18,225,000	1/1/2046	27.4	2.343%	(594,352)
RHFB 2015 G	Royal Bank of Canada	P-1/A-1+	Aa3/AA-	Aa2/AA-	Stable/Stable	33,500,000	1/1/2034	15.7	1.953%	(1,108,253)
RHFB 2016 F	Royal Bank of Canada	P-1/A-1+	Aa1/AA+	Aa2/AA-	Stable/Stable	46,650,000	1/1/2041	19.2	2.175%	(2,378,240)
RHFB 2018 H	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Aa2/AA-	Stable/Stable	35,000,000	7/1/2041	18.7	2.8035%	(2,513,405)
RHFB 2019 D	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Aa2/AA-	Stable/Stable	45,000,000	1/1/2042	18.5	2.4090%	(3,226,667)
	Total Royal Bank of Canada					**178,375,000** [3]				**(9,820,917)**
RHFB 2018 D	The Bank of New York Mellon	P-1/A-1+	Aa2/AA-	Aa2/AA-	Stable/Stable	35,000,000	1/1/2045	23.3	3.1875%	(1,955,819)
RHFB 2019 H	The Bank of New York Mellon	P-1/A-1+	Aa2/AA-	Aa2/AA-	Stable/Stable	43,985,000	1/1/2047	25.7	2.1500%	(1,427,123)
	Total The Bank of New York Mellon					**78,985,000** [3]				**(3,382,942)**
RHFB 2017 C	Wells Fargo Bank	P-1/A-1	Aa2/A+	Aa2/A+	Negative/Stable	40,000,000	1/1/2038	16.8	2.180%	(2,120,985)
RHFB 2017 F	Wells Fargo Bank	P-1/A-1	Aa2/A+	Aa2/A+	Negative/Stable	40,000,000	1/1/2041	19.7	2.261%	(1,226,144)
	Total Wells Fargo					**80,000,000** [3]				**(3,347,129)**
	Total All Swaps					**$ 337,360,000**				**$ (16,550,989)**

[1]Moody's/Standard & Poors

[2]A positive fair value represents money due the Agency from the Counterparty upon termination. A negative number represents money payable by the Agency upon termination. Valuations are provided by BLX.

[3]Counterparty Exposure Percentage:

Royal Bank of Canada	53%
The Bank of New York Mellon	23%
Wells Fargo	24%

Liquidity Risk
July 1, 2021

Bond Series	Current Liquidity Provider	Remarketing Agent	Short-term Credit Rating[1]	Long-term Credit Rating[1]	Long-term Credit Outlook[1]	VRDO's Outstanding		VRDO Maturity	Liquidity Facility Expiration	Liquidity Fee
RHFB 2015 D	Royal Bank of Canada	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Stable/Stable	$ 18,225,000		1/1/2046	8/11/2022	0.65%
RHFB 2015 G	Royal Bank of Canada	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Stable/Stable	33,500,000		1/1/2034	1/2/2023	0.65%
RHFB 2017 F	Royal Bank of Canada	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Stable/Stable	40,000,000		1/1/2041	1/2/2023	0.40%
RHFB 2019 D	Royal Bank of Canada	Royal Bank of Canada	P-1/A-1+	Aa2/AA-	Stable/Stable	44,410,000	7	1/1/2042	7/1/2024	0.34%
	Royal Bank of Canada subtotal					**136,135,000**	3			
RHFB 2016 F	FHLB - Des Moines[2]	Royal Bank of Canada	P-1/A-1+	Aaa/AA+	Stable/Stable	48,135,000	6	1/1/2041	1/2/2024	.25%[4]
RHFB 2017 C	FHLB - Des Moines[2]	Royal Bank of Canada	P-1/A-1+	Aaa/AA+	Stable/Stable	40,000,000		1/1/2038	7/19/2024	.29%[5]
	FHLB - Des Moines subtotal					**88,135,000**	3			
RHFB 2019 H	US Bank	US Bank Municipal Securities	P-1/A-1	Aa2/A+	Negative/Stable	**43,985,000**		1/1/2050	9/10/2024	0.33%
	US Bank subtotal					**43,985,000**	3			
	Total All Liquidity Providers					**$ 268,255,000**				

[1]Moody's/Standard & Poors

[2]Federal Home Loan Bank of Des Moines

[3]Liquidity Provider Exposure Percentage:

Royal Bank of Canada	51%
Federal Home Loan Bank of Des Moines	32%
US Bank	17%

[4]Liquidity fee was .55% prior to June 11, 2021

[5]Liquidity fee was .60% prior to June 11, 2021

[6]The notional amount outstanding for RHFB 2016F is $46,650,000

[7]The notional amount outstanding forRHFB 2019D is $45,000,000

Note: RHFB 2018 D and RHFB 2018 H (FRB's)-No liquidity provider or remarketing agent.

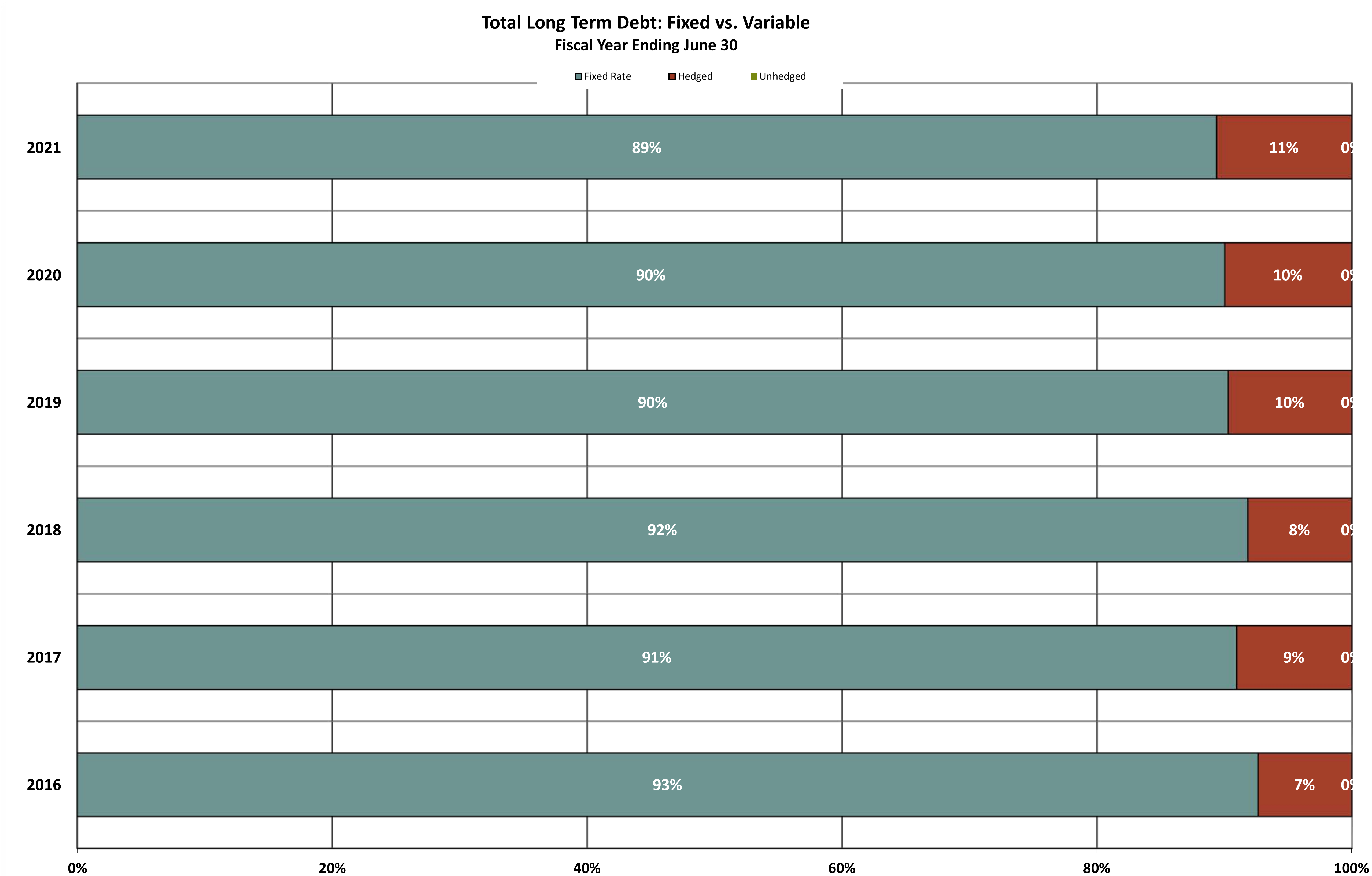
Liquidity Renewal Requirements

July 1, 2021

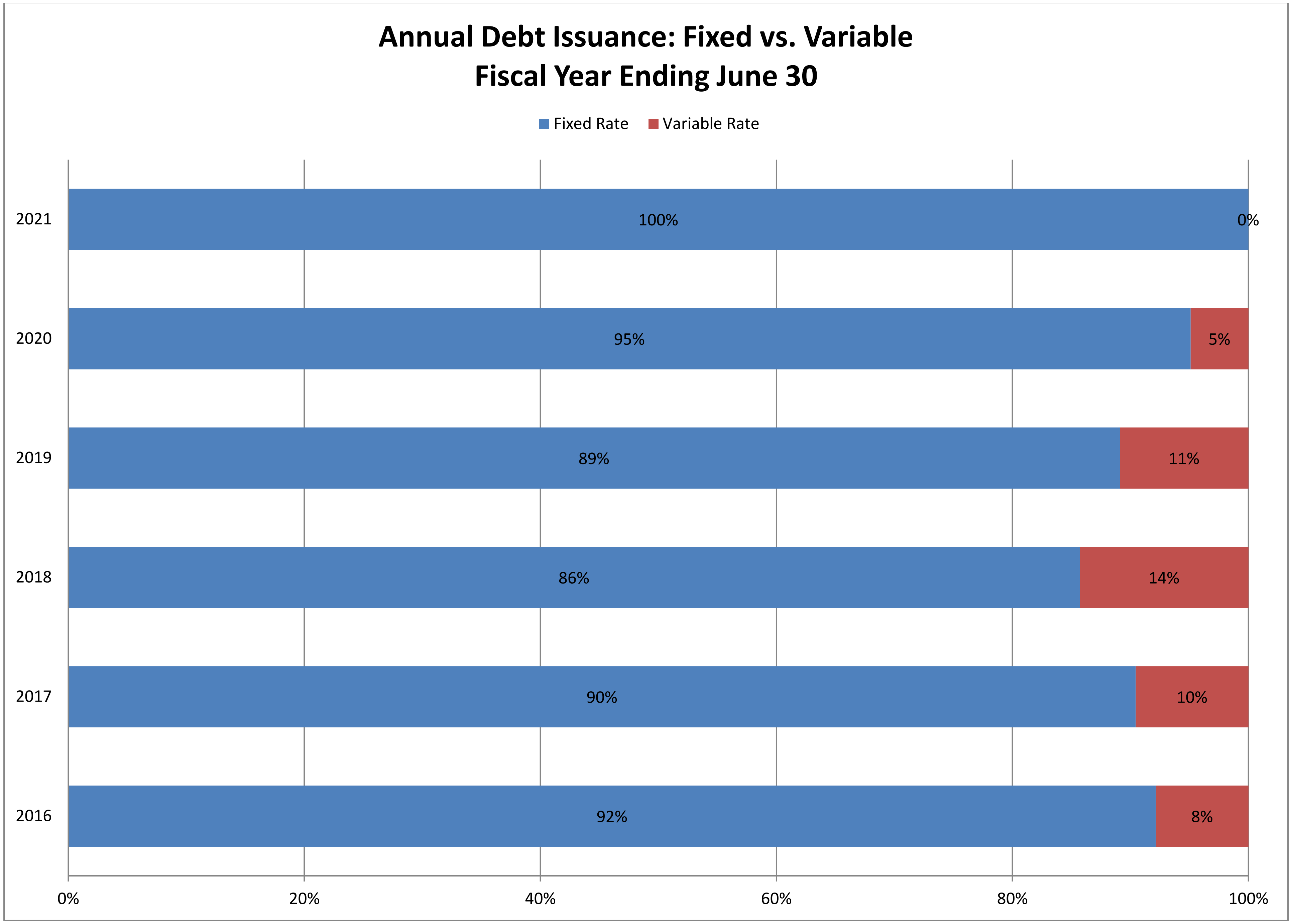
Issue	Liquidity Provider	Final Swap Maturity	Full Optional Termination Date	Liquidity Expiration Date	Original Notional Amount	Outstanding Notional Amount as of 07/01/2021	Scheduled Notional Amount Outstanding at Liquidity Expiration	Minimum Notional Amount Outstanding at Liquidity Expiration	Swap Counterparty
2015 D	Royal Bank of Canada	1/1/2046	7/1/2022	8/11/2022	$ 18,225,000	$ 18,225,000	$ 18,225,000	-	RBC[1]
2015 G	Royal Bank of Canada	1/1/2034	1/1/2023	1/2/2023	35,000,000	33,500,000	33,500,000	-	RBC[1]
2017 F	Royal Bank of Canada	1/1/2041	1/1/2023	1/2/2023	40,000,000	40,000,000	40,000,000	-	WF[3]
2019 D	Royal Bank of Canada	1/1/2042	7/1/2024	7/1/2024	45,000,000	45,000,000	45,000,000	-	RBC[1]
	Royal Bank of Canada subtotal				138,225,000	136,725,000	136,725,000	-	
2016 F	FHLB - Des Moines[2]	1/1/2041	1/1/2024	1/2/2024	50,000,000	46,650,000	46,650,000	-	RBC[1]
2017 C	FHLB - Des Moines[2]	1/1/2038	7/1/2024	7/19/2024	40,000,000	40,000,000	40,000,000	-	WF[3]
	FHLB - Des Moines subtotal				90,000,000	86,650,000	86,650,000	-	
2019 H	US Bank	1/1/2047	1/1/2027	9/10/2024	43,985,000	43,985,000	43,985,000	42,620,000	BoNY[4]
	US Bank subtotal				43,985,000	43,985,000	43,985,000	42,620,000	
	Total All Liquidity Providers				$ 272,210,000	$ 267,360,000	$ 267,360,000	42,620,000	

[1]Royal Bank of Canada [2]Federal Home Loan Bank of Des Moines [3]Wells Fargo [4] Bank of New York

Note: RHFB 2018 D and RHFB 2018 H (FRB's)-No liquidity provider or remarketing agent.



Only includes Rental Housing Bonds, Residential Housing Finance Bonds, Homeownership Finance Bonds, Multifamily Housing Bonds



Only includes Rental Housing Bonds, Residential Housing Finance Bonds, Homeownership Finance Bonds, Multifamily Housing Bonds and HOMES^{SM} Certificates.

Glossary of Terms

The following are explanations of certain terms used in this presentation:

Amortization Risk

Minnesota Housing is subject to amortization risk on its hedged VRDOs because the prepayments from mortgage loans securing the bonds may cause the outstanding principal amount of bonds to decline faster than the nominal amount of the swap. To manage amortization risk, termination options have been structured into its outstanding swaps to enable Minnesota Housing in certain circumstances to reduce the nominal amounts of the swaps to correspond to the outstanding principal amount of the bonds hedged by the swap. Additionally, Minnesota Housing may terminate outstanding swaps in whole or in part at fair value at any time if it is not in default thereunder.

Basis Risk

Basis risk refers to a mismatch between the floating interest rate received from the swap counterparty and the interest actually paid on the related series of Minnesota Housing's variable rate bonds. Under its outstanding swaps, Minnesota Housing pays a fixed interest rate and in return receives a floating variable rate based on LIBOR or the SIFMA Municipal Swap index, plus a specified spread if the swap relates to tax-exempt bonds. Minnesota Housing's bonds hedged by its swaps bear interest at a variable rate that is reset weekly, based on market conditions. Minnesota Housing's risk is that the variable interest payments received from the counterparty will be less than the variable interest payments actually paid on the bonds. This mismatch between the actual bond interest rate and the swap floating interest rate would cause additional interest expense to Minnesota Housing. A mismatch could occur for various reasons, including an increased supply of tax-exempt bonds, deterioration of the credit quality of Minnesota Housing or the liquidity facility provider, or a reduction of federal income tax rates for corporations and individuals. Basis risk varies over time due to inter-market conditions. Tax risk is a form of basis risk.

Counterparty Risk

Counterparty risk is the risk that the swap counterparty will not perform pursuant to the swap contract's terms, either in making regular payments or termination payments. Under a fixed payor swap, for example, if the counterparty defaults, Minnesota Housing could be exposed to unhedged variable rate bonds. The creditworthiness of the counterparty is indicated by its senior unsecured long-term credit rating. The outstanding swap agreements contain varying collateral requirements based on the respective parties' credit ratings and the fair value of the swaps to mitigate potential credit risk exposure.

FRB's

Floating-rate bonds ("FRBs") are securities which offer interest rates that periodically reset to changes in a representative interest rate index, normally plus a spread. They can be issued at any maturity, including with nominal long-term maturities that include a mandatory tender following the stated floating rate period. FRBs do not require liquidity support.

LIBOR

US Dollar London Interbank Offered Rate, One Month maturity.

Glossary of Terms (continued)

Liquidity Risk
Issuers of VRDOs face liquidity risk due to the ability of holders of the bonds to tender them for purchase upon short notice. The bonds are to be remarketed by a remarketing agent appointed by the issuer, but if the remarketing were to fail, the liquidity facility provider providing liquidity support to cover tenders would be required to purchase the bonds. In such event, the bonds, known as “bank bonds,” would bear interest at a higher “bank rate” and be subject to principal amortization over a much shorter period than their stated terms. The bank rate typically floats at a few percentage points higher than the prime rate. Because of turmoil in the financial markets, substantially fewer financial institutions are providing liquidity facilities and at a substantially higher cost. Consequently, at the expiration of a liquidity facility, Minnesota Housing may have difficulty obtaining a replacement liquidity facility or may have to pay substantially higher fees.

SIFMA
Securities Industry and Financial Markets Association.

Tax Risk
All issuers who issue tax-exempt variable rate debt inherently accept risk arising from changes in marginal federal income tax rates. For variable rate tax-exempt bonds hedged with LIBOR-based swaps, basis risk may be realized if changes in the federal tax code alter the historical relationship between taxable and tax-exempt short-term rates on which the swap was structured.

Termination Risk
Termination risk is the risk that the swap may be terminated as a result of any of events specified in the swap, which may include a ratings downgrade for Minnesota Housing or its counterparties, covenant violation by either party, bankruptcy of either party, swap payment default by either party, events of default under the bond resolution and certain specified termination events.

Upon a termination of the swap at fair value, a termination payment may be due by one party to the other based upon the fair value of the swap at the time (even if the payment is owed to the defaulting party). The potential termination risks to Minnesota Housing are the liability for a termination payment to the counterparty or the inability to replace the swap with favorable financial terms, in which event the variable rate bonds would no longer be hedged. Under its outstanding swaps, Minnesota Housing has the ability in certain circumstances to terminate the swap in whole or in part at par, rather than at fair value, in order to mitigate amortization risk.

VRDOs
Variable Rate Demand Obligations (“VRDOs”) are floating rate bonds that have a stated long-term maturity but bear interest at a short-term rate that is reset periodically (generally weekly). The holder of the bonds has the option to tender the bonds for purchase upon short notice (generally seven days). If the bonds cannot be remarketed by the remarketing agent, the liquidity facility provider (and not the issuer) is obligated to purchase the bonds.

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MINNESOTA HOUSING

Board Agenda Item: 9.B
Date: 9/23/2021

Item: Post-sale Report – Housing Finance Bonds (HFB), Series 2021 C (Taxable)

Staff Contact(s):
Kevin Carpenter, 651.297.4009, kevin.carpenter@state.mn.us

Request Type:

☐ Approval
☐ Motion
☐ Resolution

☒ No Action Needed
☐ Discussion
☒ Information

Summary of Request:
The Agency sold $61,764,185 of Homeownership Finance Bonds on August 10, 2021 with a closing on August 31, 2021. In accordance with the Debt and Balance Sheet Management Policy the attached detailed post-sale report is provided by the Agency's financial advisor, CSG Advisors.

Fiscal Impact:
None.

Meeting Agency Priorities:
☐ Improve the Housing System
☒ Preserve and Create Housing Opportunities
☐ Make Homeownership More Accessible
☐ Support People Needing Services
☐ Strengthen Communities

Attachment(s):
- Post-Sale Report

CSG | advisors

Via Email Delivery

MEMORANDUM

Date: **August 25, 2021**

To: **Minnesota Housing Finance Agency**

From: **Gene Slater, Tim Rittenhouse, David Jones, Eric Olson**

Re: **Post-Sale Report**
$61,764,185 Homeownership Finance Bonds (HFB)
2021 Series C (Taxable)

KEY RESULTS FOR MINNESOTA HOUSING

Purpose. 2021 Series C Homeownership Finance Bonds accomplished the following objectives:

1. Enabled Minnesota Housing to profitably finance on the balance sheet new Start-Up loans to first time homebuyers and earn net annual income over future years.

2. Achieved these results with taxable bonds, without using private activity bond volume cap.

Key Measurable Objectives and Accomplishments.

Objective	***Result***
Finance new production on balance sheet	$61.8 million of new first mortgage loans in MBS securities
Leverage private activity bond volume cap	No volume cap was used
Obtain full spread on the overall transaction	Agency earns approx. 94 basis points spread, given rise in Treasury rates, without needing to use or recycle any private activity volume cap
Achieve cost-effective bond yield	The bond rate was 2.05%
Create future income streams that will support Pool 3	The expected net present value to Minnesota Housing is approx. $1 million at 150% PSA prepayment speed, after taking into account net service release premiums and hedge losses
Maintain high bond ratings	HFB bonds are rated Aaa

TIMING AND STRUCTURE

Timing. The bonds were priced on Tuesday, August 10, for closing on Tuesday, August 31.

Major Design Decision. The key decision was to finance this portion of the pipeline with higher rate loans using taxable pass-through bonds, while other loans are to be included in an all tax-exempt Residential Housing Finance Bond (RHFB) issue in September. The agency can achieve lower cost for taxable debt in a separate pass-through issue than by including a similar amount of taxable debt in a blended taxable / tax-exempt RHFB issue.

BOND SALE RESULTS. Key highlights are:

1. ***Investor Interest.*** The underwriters were able to obtain 6 orders that together fully subscribed for the issue.

2. ***Treasury Yields.*** The yields on Treasuries dropped dramatically during the pandemic, given economic contraction, the global flight to quality and extraordinary Federal Reserve efforts to lower rates by buying both Treasuries and MBS. Treasury yields rose during this past winter, with roll-out of vaccines, more states reopening, the $1.9 trillion Federal COVID relief plan in April, rising prices, and fears of further inflation from fiscal stimulus and Federal Reserve policy. The 10 year UST yield rose quickly from 1.15% when HFB 2021 A was priced in mid-February to 1.69% when HFB 2021 B was priced in mid-May. Yields dropped in June and July, and were as low as 1.19% on August 3rd.

   However renewed inflation worries, higher consumer prices, Senate approval of the $1 trillion infrastructure bill and improved prospects for a proposed spending resolution with as much as $3.5 trillion more spending have recently spurred expectations that the Federal Reserve will begin tapering its purchases of bonds and mortgage-backed securities later this year. As a result, the 10 year yield rose significantly in the week leading up to the pricing from 1.19% to 1.36%.

   Minnesota Housing's hedges on the pipeline provided protection on the mortgage-backed securities, while the yield needed to sell the bonds rose.

Issue	Date	10-Year Treasury
2020 HFB A	3/9/20	0.54%
2020 HFB BC	5/13/20	0.64%
2020 HFB D	8/6/20	0.55%
2020 HFB E	11/9/20	0.96%
2021 HFB A	2/10/21	1.15%
2021 HFB B	**5/12/21**	**1.69%**
2021 HFB C	**8/10/21**	**1.36%**
Change from 2021 HFB B		**-33 bp**

3. ***Comparison to GNMA Yields.*** Investors compare yields on pass-through issues to current-coupon GNMAs. Pass-through bonds provide much less liquidity in the global markets but are typically sold at par, so investors are less exposed to prepayment risk. Series C consisted solely of new mortgage-backed securities, unlike Series B which blended in old mortgage-backed securities from past bond issues being refunded, and thus had a shorter average life.

Recent Minnesota Taxable Pass-Through Transactions

	2020 A Mar. 20	2020 C May 13	2020 D Aug. 6	2020 E Nov. 9	2021 A Feb. 10	2021 B May 12	2021 C Aug. 10
Mortgage-backed securities being financed	100% New	100% New	100% New	100% New	100% New	60% New 40% Old	100% New
Minn. Housing bond yield	2.365%	2.45%	1.92%	1.68%	1.58%	1.93%	2.05%
Yield on GNMA I, 3.0 current coupon, at dealer prepay speed	2.07%	1.84%	1.48%	1.74%	1.47%	1.76%	1.68%
Minn. Housing v. GNMA	+29.5 bp	+61 bp	+44 bp	-6 bp	+11 bp	+17 bp	+37 bp

4. ***Comparable Pass-Through Transactions:*** The most comparable transaction was a Virginia taxable pass-through sold on the same day as Minnesota Series C. Virginia's pass-through transactions, while they are rated Aaa/AAA based on the strength of its indenture, do not utilize GNMA, Fannie Mae or Freddie Mac mortgage-backed securities; Virginia's bonds are thus slightly less attractive to investors. Minnesota's bonds, backed by such federal agencies, were about 8 basis points lower in yield and tighter to the various indices.

State HFA Taxable Pass-Through Transactions with New Production

	CO 2020 BB	MN 2020 C	MN 2020 D	MO 2020 E	MN 2020 E	MN 2021 A	CO 2021 F	MN 2021 B	VA 2021 A	MN 2021 C
Size (mill.)	$45.4	$38.0	$100.0	$33.4	$40.1	$82.3	$54.0	$49.0	**$151.2**	**$61.8**
Rating	Aaa	Aaa	Aaa	AA+	Aaa	Aaa	Aaa/ AAA	Aaa	**Aaa/ AAA**	**Aaa**
Pricing Date	4/14	5/13	8/6	10/15	11/9	2/10	4/12	5/12	**8/10**	**8/10**
Price	Par	Par	Par	Par	Par	Par	101.925	Par	**Par**	**Par**
Type	New	New	New	New	New	New	New	Mixed	**New**	**New**
Ave. Life at 150% PSA (years)	8.8	8.6	8.7	8.5	8.6	8.5	8.5	7.6	**8.5**	**8.6**
Yield	2.60%	2.45%	1.92%	1.85%	1.68%	1.58%	2.02%	1.93%	**2.125%**	**2.05%**
Spread to 10yr US Treas. (bp)	+184	+181	+137	+111	+72	+43	+45	+24	**+77**	**+69**

Spread to 3% GNMA (at Dealer Prepay Speed) (bp)	+122	+61	+44	+11	-6	+11	+32	+17	**+45**	**+37**
Underwriter	RBC	RBC	RBC	Stifel	RBC	RBC	RBC	RBC	**Wells**	**RBC**

Underwriters. RBC was the senior manager; regular co-managers were J.P. Morgan, Piper Sandler and Wells Fargo. Monthly pass-through bonds are sold only to institutional investors, so there was no selling group.

Underwriter Fees. Management fees were appropriate, consistent with industry standards, and in the same range as fees for other housing issues of similar size and structure.

APPENDIX

MBS Yields. MBS yields are very relevant because investors can choose between purchasing MBS directly or buying Minnesota Housing's bonds backed by MBS. As described above, bond purchasers look as much to the spread between Minnesota Housing's pass-through bonds and MBS as they do to the spread between Minnesota Housing bonds and Treasuries or the tax-exempt Municipal Market Data index. Yields on all the indices have increased since Series A.

Type	Delivery	Coupon	Measure	Nov 13, 2019	Dec. 11, 2019	Mar. 9, 2020	May 13, 2020	Aug. 6, 2020	Nov. 9, 2020	Feb. 10, 2021	May 12, 2021
GNMA	Current	3.0	Price	102.08	102.72	103.58	105.36	105.08	103.52	**104.04**	**104.21**
			Yield*	2.58%	2.43%	2.07%	1.84%	1.48%	1.74%	**1.47%**	**1.76%**
			Dealer Forecast % PSA	210%	224%	303%	306%	442%	510%	**525%**	**384%**
FNMA	Current	3.5	Price	102.36	102.69	104.14	105.48	105.58	105.63	106.33	105.56
			Yield*	2.78%	2.61%	1.31%	0.80%	0.53%	0.79%	0.28%	1.35%
			Dealer Forecast % PSA	407%	443%	735%	774%	787%	673%	681%	498%
10yr US Treasury	n/a	n/a	Yield	1.88%	1.79%	0.54%	0.64%	0.55%	0.96%	**1.15%**	**1.69%**
10yr MMD	n/a	n/a	Yield	1.58%	1.42%	0.78%	1.09%	0.59%	0.86%	**0.69%**	**1.02%**
GNMA % of 10-Year Treasury	n/a	n/a	Yield*	137.2%	135.8%	383.3%	287.5%	269.1%	181.3%	**127.8%**	**104.1%**
GNMA %	n/a	n/a	Yield*	163.3%	171.1%	265.4%	168.8%	250.8%	202.3%	**213.0%**	**172.5%**

Type	Delivery	Coupon	Measure	Nov 13, 2019	Dec. 11, 2019	Mar. 9, 2020	May 13, 2020	Aug. 6, 2020	Nov. 9, 2020	Feb. 10, 2021	May 12, 2021
of 10-Year MMD											
Minnesota Housing	Tax-exempt/ Taxable	n/a	Yield	n.a. 3.02%	2.47% n.a	n.a. 2.365%	2.35% 2.45%	n.a. 1.92%	n.a. 1.68%	**n.a. 1.58%**	**n.a. 1.93%**

* Yield at dealer forecast prepayment speed for new mortgages

TAXABLE PASS-THROUGH SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	8/10/21		8/10/21		7/27/21		7/20/21		5/19/21	
Amount	$61,764,185		$151,129,877		$24,829,558		$65,000,000		$8,759,834	
Issuer	Minnesota HFA		Virginia HDA		Texas DHCA		Colorado HFA		Pinellas Co. HFA (FL)	
Series	2021 Series C		2021 Series A		2021 Series B		2021 Series J		2021 Series B	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / AAA / -		Aaa / AA+ / -		Aaa / AAA / -		Aaa / - / -	
Tax Status	Taxable		Taxable		Taxable		Taxable		Taxable	
Use of Funds	New Money		New Money		Refunding		New Money		New Money	
Maturity	2051		2051		2051		2051		2051	
Price	100.000		100.000		100.000		102.000		100.000	
Coupon/Yield	2.050		2.125		1.550		2.125C/1.86Y at 150% PSA		2.000	
Indicator	Indicative Yield 8/10/21	Spread	Indicative Yield 8/10/21	Spread	Indicative Yield 7/27/21	Spread	Indicative Yield 7/20/21	Spread	Indicative Yield 5/19/21	Spread
5-Year US Treasury	0.82	+123	0.82	+131	0.71	+84	0.69	+117	0.87	+113
7-Year US Treasury	1.12	+93	1.12	+101	1.01	+54	0.98	+88	1.34	+66
10-Year US Treasury	1.36	+69	1.36	+77	1.25	+30	1.23	+63	1.68	+32
3% GNMA I @ 100% PSA	2.46	-41	2.46	-33	2.45	-90	2.48	-62	2.49	-49
3% GNMA I @ Dlr Forecast	1.68 (387%)	+37	1.68 (387%)	+45	1.58 (417%)	-3	1.62 (431%)	+24	1.74 (401%)	+26
9-Year MMD	0.81	+124	0.81	+132	0.76	+79	0.75	+111	0.95	+105
10-Year MMD	0.88	+117	0.88	+125	0.82	+73	0.81	+105	1.01	+99
MBS PREPAY HISTORY (%PSA)										
Past 3 months	-		-		-		-		-	
Past 6 months	-		-		111%		-		-	
Past 12 months	-		-		112%		-		-	
Since issuance	-		-		152%		-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)										
At 100% PSA	10.5		10.4		5.5		10.4		10.1	
At 150% PSA	8.6		8.5		4.9		8.5		8.1	
At 200% PSA	7.2		7.1		4.3		7.1		6.7	
At 300% PSA	5.5		5.3		3.4		5.4		4.8	
WEIGHTED AVERAGE MORTGAGE RATE	3.27%		3.62%		5.10%		3.01%		3.55%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	2.97%		-		4.60%		2.50%		4.10%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	359		355		163		359		346	
Notes										
Sr Manager	RBC Capital Markets		Wells Fargo		Barclays		Jefferies		RBC Capital Markets	

TAXABLE PASS-THROUGH SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	5/18/21		5/12/21		4/21/21		4/13/21		3/31/21		3/10/21	
Amount	$71,627,607		$49,021,977		$54,000,000		$16,286,857		$61,369,927		$7,539,906	
Issuer	Ohio HFA		Minnesota HFA		Colorado HFA		New Mexico MFA		Texas DHCA		Louisiana HC	
Series	2021 Series B		2021 Series B		2021 Series F		2021 Series B		Series 2021B		Series 2021A	
Program	Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated		Single Family / Negotiated	
Rating(s)	Aaa / - / -		Aaa / - / -		Aaa / AAA / -		Aaa / - / -		Aaa / AA+ / -		Aaa / - / -	
Tax Status	Taxable		Taxable		Taxable		Taxable		Taxable		Taxable	
Use of Funds	Refunding		New Money & Refunding		New Money		Refunding		Refunding		Refunding	
Maturity	2043		2051		2051		2042		2042		2041	
Price	100.000		100.000		101.925		100.000		100.000		100.000	
Coupon/Yield	1.650		1.930		2.25C/2.018Y at 150% PSA		1.620		1.700		1.550	
Indicator	Indicative Yield 5/18/21	Spread	Indicative Yield 5/12/21	Spread	Indicative Yield 4/21/21	Spread	Indicative Yield 4/13/21	Spread	Indicative Yield 3/31/21	Spread	Indicative Yield 3/10/21	Spread
5-Year US Treasury	0.83	+82	0.87	+106	0.81	+121	0.85	+77	0.92	+78	0.80	+75
7-Year US Treasury	1.29	+36	1.34	+59	1.24	+78	1.29	+33	1.40	+30	1.20	+35
10-Year US Treasury	1.64	+1	1.69	+24	1.57	+45	1.64	-2	1.74	-4	1.53	+2
3% GNMA I @ 100% PSA	2.49	-84	2.48	-55	2.45	-43	2.46	-84	2.51	-81	2.54	-99
3% GNMA I @ Dlr Forecast	1.70 (411%)	-5	1.76 (384%)	+17	1.70 (378%)	+32	1.76 (374%)	-14	1.98 (331%)	-28	1.94 (374%)	-39
9-Year MMD	0.95	+70	0.96	+97	0.85	+117	0.93	+69	1.04	+66	0.97	+58
10-Year MMD	1.01	+64	1.02	+91	0.93	+109	1.01	+61	1.12	+58	1.05	+50
MBS PREPAY HISTORY (%PSA)												
Past 3 months	-		-		-		360%		-		278%	
Past 6 months	-		-		-		382%		221%		401%	
Past 12 months	282%		-		-		371%		250%		318%	
Since issuance	214%		-		-		205%		222%		248%	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)												
At 100% PSA	7.6		9.3		10.4		7.7		7.7		6.2	
At 150% PSA	-		7.6		8.5		-		6.4		-	
At 200% PSA	5.4		6.4		7.1		5.5		5.4		4.7	
At 300% PSA	4.1		4.8		5.4		4.1		4.0		3.6	
WEIGHTED AVERAGE MORTGAGE RATE	4.46%		3.45%		2.95%		4.41%		4.93%		5.46%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.96%		3.17%		2.50%		3.91%		4.43%		4.96%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	233		310		359		241		238		182	
Notes												
Sr Manager	J.P. Morgan		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		Jefferies		Raymond James	

TAXABLE PASS-THROUGH SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	2/10/21	11/9/20	10/15/20	9/10/20	8/6/20	5/13/20
Amount	$83,327,541	$40,067,034	$33,399,638	$12,240,717	$100,000,000	$37,978,984
Issuer	Minnesota HFA	Minnesota HFA	Missouri HDC	Orange Co. HFA (FL)	Minnesota HFA	Minnesota HFA
Series	2021 Series A	2020 Series E	2020 Series E	Series 2020B	2020 Series D	2020 Series C
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aaa / - / -	Aaa / - / -	- / AA+ / -	Aaa / - / -	Aaa / - / -	Aaa / - / -
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
Use of Funds	New Money	New Money	New Money	New Money	New Money	New Money
Maturity	2051	2050	2050	2050	2050	2050
Price	100.000	100.000	100 / 101.129	100.000	100.000	100.000
Coupon/Yield	1.580	1.680	1.85 / 2.00C/1.85Y	1.650	1.920	2.450

Indicator	Indicative Yield 2/10/21	Spread	Indicative Yield 11/9/20	Spread	Indicative Yield 10/15/20	Spread	Indicative Yield 9/10/20	Spread	Indicative Yield 8/6/20	Spread	Indicative Yield 5/13/20	Spread
5-Year US Treasury	0.46	+112	0.44	+124	0.32	+153	0.26	+139	0.21	+171	0.31	+214
7-Year US Treasury	0.80	+78	0.70	+98	0.52	+133	0.46	+119	0.39	+153	0.50	+195
10-Year US Treasury	1.15	+43	0.96	+72	0.74	+111	0.68	+97	0.55	+137	0.64	+181
3% GNMA I @ 100% PSA	2.50	-92	2.57	-89	2.58	-73	2.46	-81	2.40	-48	2.37	+8
3% GNMA I @ Dlr Forecast	1.47 (525%)	+11	1.74 (510%)	-6	1.74 (530%)	+11	1.49 (494%)	+16	1.48 (442%)	+44	1.84 (306%)	+61
9-Year MMD	0.61	+97	0.76	+92	0.84	+101	0.74	+91	0.52	+140	1.02	+143
10-Year MMD	0.69	+89	0.86	+82	0.94	+91	0.84	+81	0.59	+133	1.09	+136
MBS PREPAY HISTORY (%PSA)												
Past 3 months	-		-		-		1082%		-		-	
Past 6 months	-		-		-		898%		-		-	
Past 12 months	-		-		-		303%		-		-	
Since issuance	-		-		-		942%		-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)												
At 100% PSA	10.4		10.5		10.5		10.2		10.7		10.5	
At 150% PSA	8.5		8.6		8.5		8.2		8.7		8.6	
At 200% PSA	7.2		7.2		7.1		6.8		7.3		7.2	
At 300% PSA	5.4		5.4		5.3		4.9		5.5		5.4	
WEIGHTED AVERAGE MORTGAGE RATE	3.50%		3.36%		-		4.59%		3.61%		3.70%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	2.82%		2.94%		-		4.32%		3.24%		3.15%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	358		358		-		346		359		357	
Notes					Included a par bond at 1.85% C/Y and a 101.129 premium bond at 2.00%C / 1.85%Y at 150% PSA							
Sr Manager	RBC Capital Markets		RBC Capital Markets		Stifel		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

TAXABLE PASS-THROUGH SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 12 MONTHS PLUS EARLIER MHFA

Pricing Date	3/9/20	11/13/19	7/16/19	6/13/19	5/14/19
Amount	$43,964,432	$90,294,924	$59,850,816	$45,949,045	$30,555,019
Issuer	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA
Series	2020 Series A	2019 Series G	2019 Series F	2019 Series E	2019 Series D
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aaa / - / -	Aaa / - / -	Aaa / - / -	Aaa / - / -	Aaa / - / -
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable
Use of Funds	New Money	New Money	New Money	New Money	New Money
Maturity	2050	2049	2049	2049	2049
Price	101.000	100.000	100.000	100.000	100.000
Coupon/Yield	2.50C/2.365Y at 150% PSA	3.020	3.230	3.250	3.550

Indicator	Indicative Yield 3/9/20	Spread	Indicative Yield 11/13/19	Spread	Indicative Yield 7/16/19	Spread	Indicative Yield 6/13/19	Spread	Indicative Yield 5/14/19	Spread
5-Year US Treasury	0.46	+191	1.69	+133	1.88	+135	1.84	+141	2.20	+135
7-Year US Treasury	0.56	+181	1.79	+123	2.00	+123	1.96	+129	2.30	+125
10-Year US Treasury	0.54	+183	1.88	+114	2.13	+110	2.10	+115	2.42	+113
3% GNMA I @ 100% PSA	2.52	-15	2.72	+30	2.80	+43	2.80	+45	2.94	+61
3% GNMA I @ Dlr Forecast	2.07 (303%)	+30	2.58 (210%)	+44	2.70 (205%)	+53	2.71 (195%)	+54	2.92 (173%)	+63
9-Year MMD	0.73	+164	1.50	+152	1.51	+172	1.59	+166	1.66	+189
10-Year MMD	0.78	+159	1.58	+144	1.58	+165	1.66	+159	1.73	+182
MBS PREPAY HISTORY (%PSA)										
Past 3 months	-		-		-		-		-	
Past 6 months	-		-		-		-		-	
Past 12 months	-		-		-		-		-	
Since issuance	-		-		-		-		-	
PROJECTED WEIGHTED AVERAGE LIFE (YEARS)										
At 100% PSA	10.6		10.8		10.9		11.0		11.0	
At 150% PSA	8.7		8.7		8.9		8.9		8.9	
At 200% PSA	7.3		7.3		7.4		7.4		7.5	
At 300% PSA	5.5		5.4		5.6		5.6		5.6	
WEIGHTED AVERAGE MORTGAGE RATE	3.81%		4.80%		4.72%		4.81%		4.78%	
MBS WEIGHTED AVERAGE PASSTHROUGH RATE	3.20%		4.26%		4.31%		4.38%		4.33%	
WEIGHTED AVERAGE REMAINING TERM (MONTHS)	358		356		359		359		359	
Notes										
Sr Manager	RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	